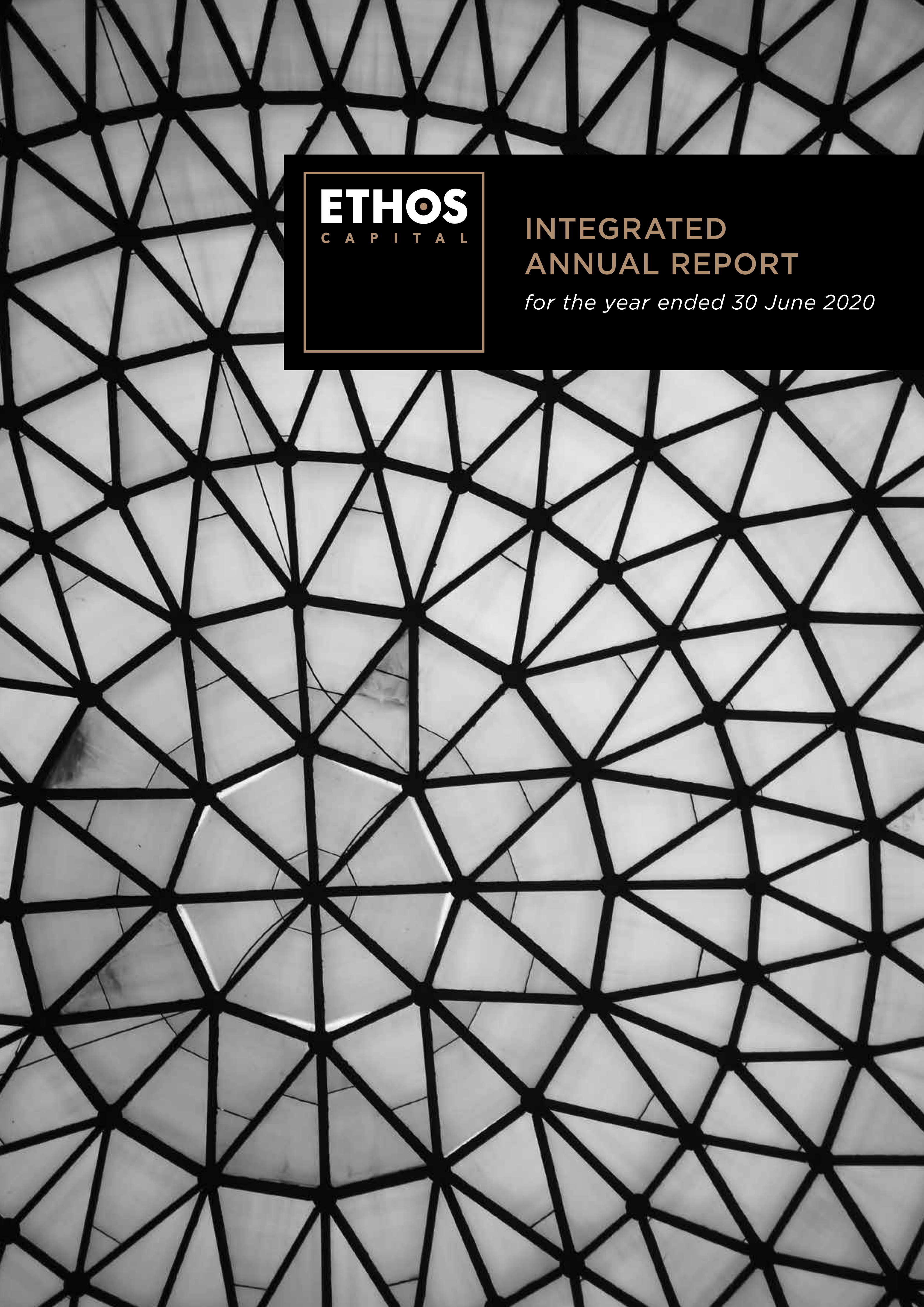
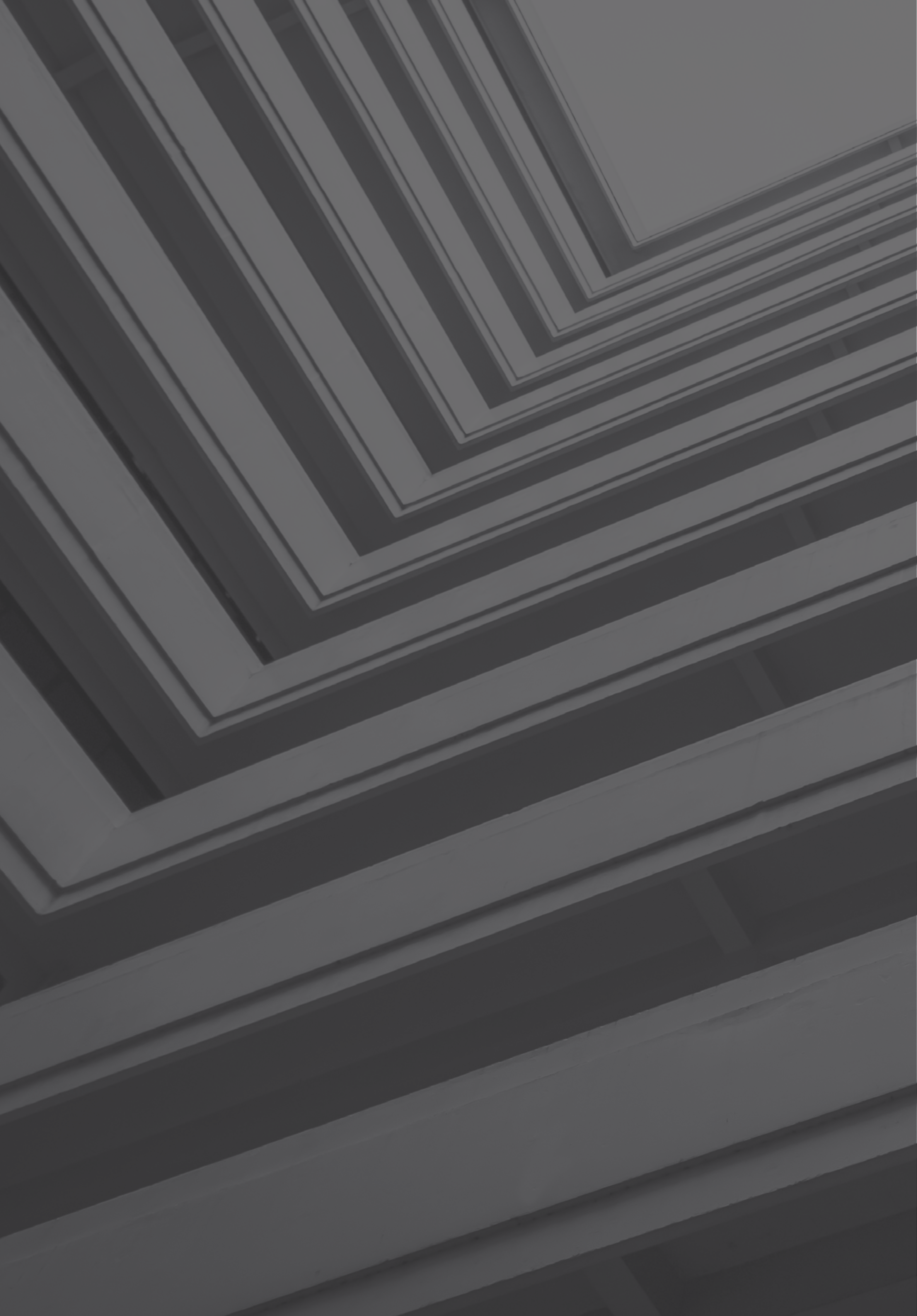


ETHOS CAPITAL

INTEGRATED ANNUAL REPORT

for the year ended 30 June 2020



CONTENTS

INTRODUCTION

INTRODUCTION

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is an investment holding company, registered and incorporated in Mauritius and listed on the Johannesburg Stock Exchange Ltd ("JSE"). It invests directly into Funds or Co-Investments, managed by Ethos Private Equity (Pty) Limited ("Ethos"), which give the Company largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies"). In addition, Ethos acts as the Company's Investment Advisor. "The Group" refers to the consolidated results of the Company and its deemed controlled entity.

Scope of the Integrated Annual Report

This Integrated Annual Report combines the financial and non-financial information of Ethos Capital for the financial year ended 30 June 2020. The Integrated Annual Report adheres to the requirements of the Mauritius Companies Act, Act No. 15 of 2001 ("the Mauritius Companies Act") and the JSE Listings Requirements ("Listings Requirements") and uses the recommendations of the King Report on Corporate Governance™ for South Africa, 2016 ("King IV")[A].

External assurance

The Ethos Capital Board of Directors has drawn assurance on the Integrated Annual Report from the external auditor, Deloitte (South Africa), through its audit of the Annual Financial Statements and its report to shareholders on page 76 of the Annual Financial Statements.

The Integrated Annual Report has been reviewed by the Audit and Risk Committee and approved by the Board of Directors, and signed by Yvonne Stillhart and Kevin Allagapen on behalf of the Board.

The Board does not consider it necessary to seek any further external assurance on the Integrated Annual Report.

Materiality

The Board is responsible for the process of determining how best to disclose the performance of the Group in a transparent manner. The performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS") of the Group. The Board has considered all material aspects it is aware of and that are material in the context of the performance of the Group. These material items are included in the Integrated Annual Report.

Reported currency

Unless otherwise stated, all amounts presented in the Integrated Annual Report are presented in South African Rand ("ZAR" or "R").

Forward-looking statements

The Integrated Annual Report may contain statements regarding the future expected financial position and results of the Group, which involve risk and uncertainty. These forward-looking statements have not been reviewed or reported on by the Company's auditor.

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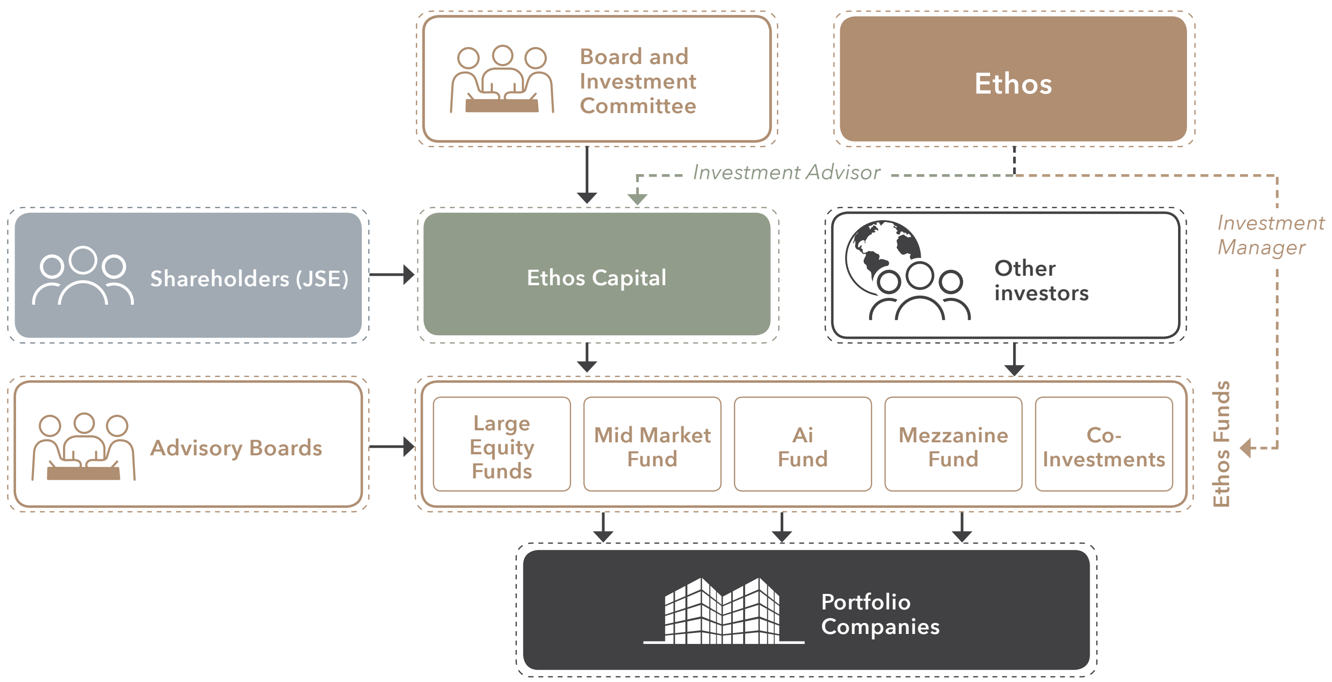


FINANCIAL AND OPERATIONAL HIGHLIGHTS

A steady performance during the first part (eight months) of the year given macroeconomic headwinds

R0.7 billion loan facility concluded (R0.5 billion on uncommitted basis)

R0.75 billion rights issue completed

that improved the liquidity position

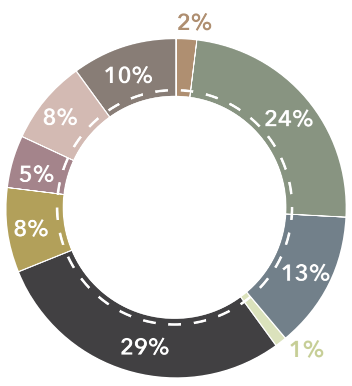
R1.3 billion invested during the year, including investment in Brait

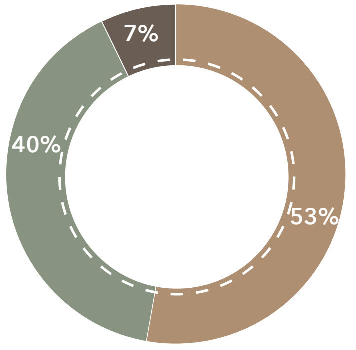
R2.7 billion* invested capital and R9.89* NAVPS

total assets nearly fully invested in expanding asset base

22x Portfolio Companies

with increased diversification

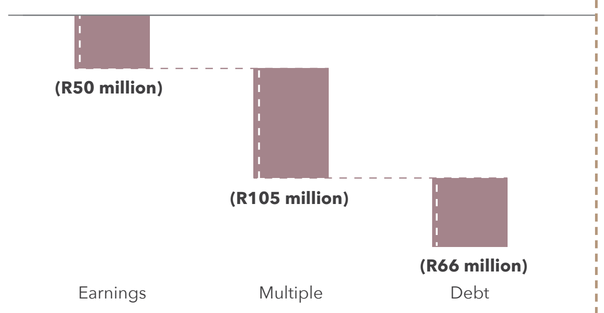




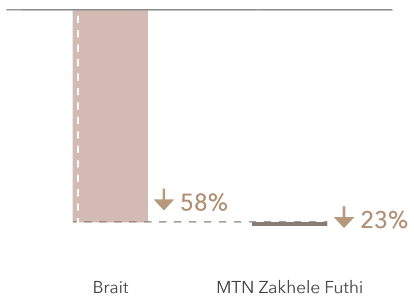
* Implied post rights issue and Brait investment during February 2020.

COVID-19 pandemic significantly impacted movements over the last four months of the year

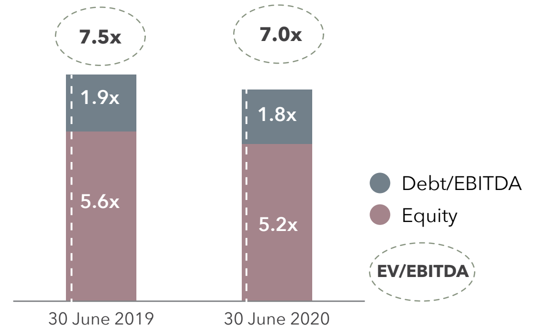
UNLISTED PORTFOLIO VALUATION* ↓ 13%

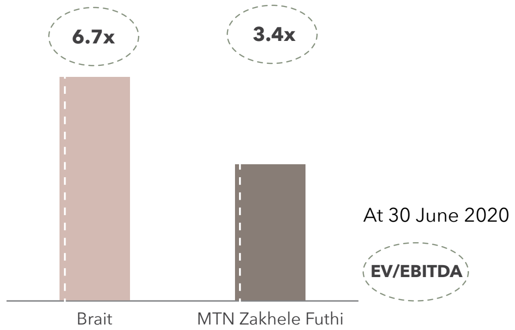


LISTED PORTFOLIO VALUATION*

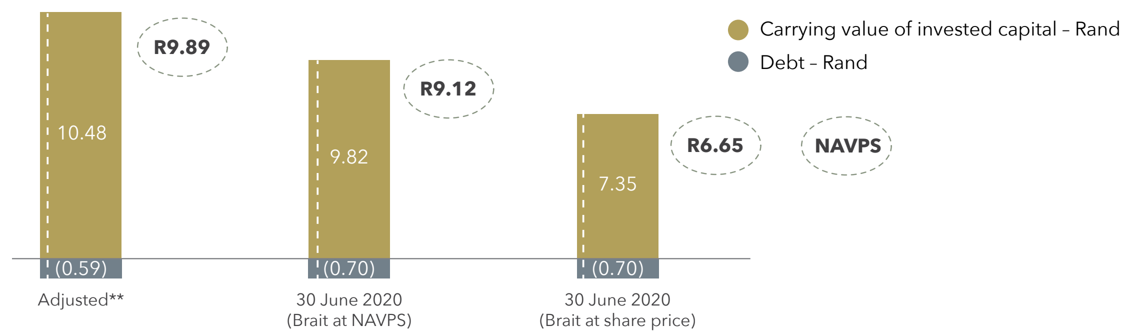


modest valuation multiples



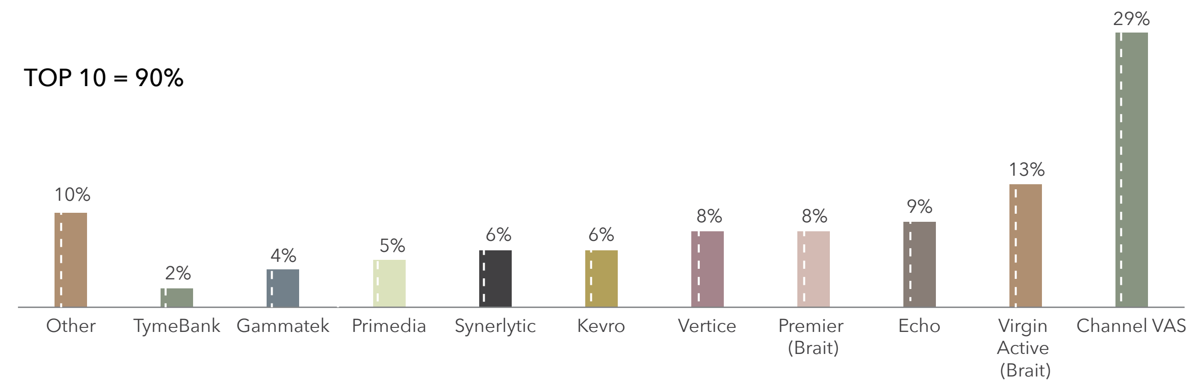


with potential for recovery in NAVPS



TOTAL ASSETS CONTRIBUTION – R1.9 BILLION

TOP 10 = 90%



* Movements over the last four months of the year.
** Implied post Rights Issue and Brait investment during February 2020.

LEADERSHIP REPORTS

CHAIRPERSON'S REPORT

"The Board remains convinced about the merits of Ethos' investment approach: actively building and managing Portfolio Companies and working closely together with management teams on targeted value creation initiatives, which enable long-term, sustainable growth."

Yvonne Stillhart
Chairperson

Year in review: A solid foundation, a promising first eight months' performance and impact of an unprecedented global pandemic in the latter part of the year

The first two-thirds and last third respectively of the financial year ended 30 June 2020 could not have been more divergent. During the first period, Ethos Capital's portfolio performed well despite the economic headwinds and it completed a R750 million Rights Issue and the strategic equity investment in Brait in February 2020. The Brait acquisition was structured to provide an effective in-price at a discount of more than 50% to Brait's NAV at the time of acquisition and also facilitated the step up in the size and liquidity of Ethos Capital and further geographic diversification.

During the year, Ethos Capital increased its invested capital by R1.3 billion taking the investment level to 99% of its total assets through both Fund and Co-Investments.

The unprecedented impact of the global COVID-19 ("COVID") pandemic began at the beginning of 2020 and has had a significant impact on the global economy. Despite the positive developments in the first part of the year and the large discount to NAVPS at which the investment in Brait was completed, Ethos Capital's portfolio was not immune to the impact of the pandemic.

Ethos together with the Portfolio Companies' management teams succeeded in steering the investments through these stormy times managing to avoid any bankruptcies in the portfolio. Ethos' rapid response to the economic shock through close management and unprecedented measures to safeguard employees and customers provided the businesses with the requisite level of stability to manage through the crisis. Pleasingly, the first few months of the June 2021 financial year have shown some green shoots of recovery which will hopefully continue for the remainder of the year.

The impact of COVID has resulted in a significant reduction in Ethos Capital's NAV and a widening of the discount to NAVPS. The Board would like to assure Ethos Capital's shareholders that it views the current share price discount to the NAVPS as an inappropriate representation of the quality of the portfolio. The Board is committed to narrowing the discount and continues to evaluate viable interventions to do this whilst safeguarding Ethos Capital's liquidity position in these uncertain times.

Socially responsible investing in long-term sustainable businesses drives our long-term financial returns

Deeply embedded in our primary objective to generate superior returns, is the unequivocal recognition and responsibility in our role in the broader South African and sub-Sahara African community. Sustainability, social responsibility, and ethics are on the forefront of our investment activity. We have the responsibility to address societal and environmental issues – beyond legal requirements – through our activities. As custodians of policyholder, pensioner and shareholder capital, Ethos strives to positively influence, and effect change and recognises that its actions today enable the reality of tomorrow.

The Board of Ethos Capital and the Ethos management team support society by sponsoring and helping organisations who aim to build a stronger and better society. Furthermore, the Board understands the impact that COVID has had on society in general and as a result has decided to forego any increase in Directors' fees for the new financial year.

Private Equity Market 2020 experiences continued investor support

Around the globe, investments have been impacted by the COVID pandemic and private equity was not immune to it. The effect has been severe but not uniform across markets. Asia Pacific and Europe were less impacted than North America where large declines in both investment and exit activity were observed. Despite a slowdown in transaction activity, investors' demand for private equity has not diminished, and fundraising remained buoyant across the globe as investors hope to benefit from buying high quality assets at reduced entry prices. In uncertain times though, the fundraising market skewed to larger wider known investment firms and this is likely to lead to intensified competition and subsequent pressure on returns in larger transactions. The mid market segment where Ethos Capital participates was less impacted and remains less contested especially on the African continent.

With the added exposure to Europe through the Brait transaction, a healthy European private equity market is of increasing importance for exiting key positions in Ethos Capital's portfolio.

Sub-Saharan African Private Equity Market remains intact but faces heavy headwind

Private business in Europe and Africa have seen a major impact due to the COVID pandemic. In an environment where private companies face operational and financial challenges, companies that prepared early by combining flexibility, technology, people and a clear focus on client needs are expected to emerge stronger during the recovery or withstand further potential economic set-backs. In achieving such position, companies had to make tough choices regarding workforce and cost management.

South African private equity funds grew volumes by c.10% per annum during the last two decades and continues to attract investors, although at significantly lower rates than their European or US counterparts.

Whilst investment opportunities in South Africa and sub-Saharan Africa remain plentiful, local pension fund allocations to private equity funds remain around 5%, well below the 10–20% mark of US and European pension funds.

Value creation and strategic liquidity management remain high on Ethos Capital's Board agenda

The Board remains convinced about the merits of Ethos' investment approach: actively building and managing Portfolio Companies and working closely together with management teams on targeted value creation initiatives, which enable long-term, sustainable growth. This includes also actively managing the portfolio with a strong focus on Environmental, Social and Governance ("ESG") matters and transformation, topics that have always been high on Ethos' agenda.

The Board and management continue to focus on strategic options and generate long-term shareholder value by actively managing Ethos Capital's portfolio and strategically managing the Company's liquidity and in an optimal risk/return adjusted way.

Whilst NAV growth remains the key focus, the management of the share price remains important but needs to be considered in light of the current economic uncertainties.

Annual General Meeting

The Annual General Meeting of shareholders of Ethos Capital will be held, via a remote interactive electronic platform, on Tuesday 17 November 2020.

Appreciation

On behalf of all of us at Ethos Capital, I would like to extend our gratitude to all stakeholders and business partners for their continued support, especially during these unprecedented times. I specifically would like to thank Ethos management and colleagues for their accomplishments and dedication during the financial year considering the challenges of the global pandemic, to our shareholders for their confidence in Ethos Capital, and my fellow Directors for their ongoing insightful contribution.

Yvonne Stillhart
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW

"The COVID 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."

Peter Hayward-Butt
Chief Executive Officer

Year in the rearview mirror

First and foremost, I would like to apologise to our shareholders for the reduction in NAVPS during the course of 2020. Ethos prides itself on its track record which over 36 years has delivered a realised IRR of 36%. 2020 has been the most difficult year in the Firm's history and for the first time since listing, the Ethos Capital NAVPS ended the year lower than it started.

Some of the reduction was due to the unforeseen impacts of COVID, some due to the extremely difficult macroeconomic landscape in South Africa leading up to the pandemic, but an element of the decrease was a result of endogenous factors that we could potentially have foreseen and mitigated. I would like to assure investors that as the adviser, Ethos is committed to stabilising the asset base and growing value in the portfolio. Early signs are that the worst of impact of the pandemic on our Portfolio Companies is behind us but lots of work will be required to reposition these companies to grow and thrive in the post-COVID world.

I would like to thank the Portfolio Company management teams and staff for their dedication and focus on mitigating the impacts of the pandemic. I can say without reservation that, without the swift actions taken and the proactivity of the management and boards of these companies, the outcome would have been significantly worse.

The first six months of the year showed promise with increased valuations on key Portfolio Companies and a fully invested capital base with the announcement of the Brait transaction. The unforeseen arrival of COVID and its unprecedented impact on the global economic activity brought any positive momentum to an abrupt halt. Focus changed from profitability and valuation growth to survival across most of the Portfolio Companies.

Many of the companies had to contend with significant reductions in revenue or, in some cases, no revenue which exposed the impact of operating leverage. Thankfully in all cases, the companies were able to put in place liquidity plans that enabled them to survive the storm. More time is required to assess the full impact that the pandemic has had on these businesses however, the management teams are focused on revising their strategies to find ways to thrive in a post-COVID landscape. The tough measures focused on operating efficiencies and cashflow management will stand these businesses in good stead as the economic outlook returns to pre-COVID levels.

The Brait transaction, that was concluded in early February 2020, could not have been timed worse. As the Coronavirus spread globally, the first Virgin Active clubs were closed at the end of February. The majority of the Brait Portfolio Companies were severely impacted by the government lockdowns, including Virgin Active, New Look and Consol Glass. However, in line with the revised Brait strategy to realise value from the existing portfolio, Ethos as adviser to the Brait Board, was able to drive the completion of the sale of two key assets, Iceland Foods and DGB, realising proceeds in excess of R3.0 billion. In addition, the focus on operating costs, resulted in a reduction in Brait's annual cash costs by c.R466 million. These actions have provided the requisite headroom to enable Brait to continue to drive its strategy of realising value from the Portfolio Companies.

While the operating environment has been extremely tough, Ethos recognises the importance of and demonstrated the benefit of active management in private markets during this period. Private equity as an asset class has outperformed the public markets over an extended period and Ethos is committed to driving and realising value from the Ethos Capital portfolio. As I said at the outset, we apologise for the annual performance and are extremely focused on returning value to shareholders.

1. **Primary Investment** – *Invest in new Ethos Funds when they are established*
2. **Secondary Investment** – *Replace Fund investors in Ethos Funds late into or post the Investment Phase*
3. **Co-Investment** – *Invest into Portfolio Companies directly or indirectly alongside the Ethos Funds*

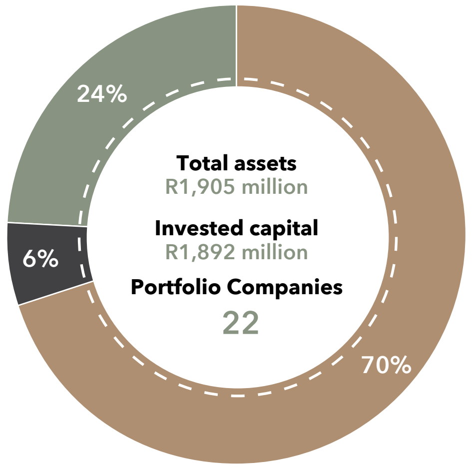
Company strategy

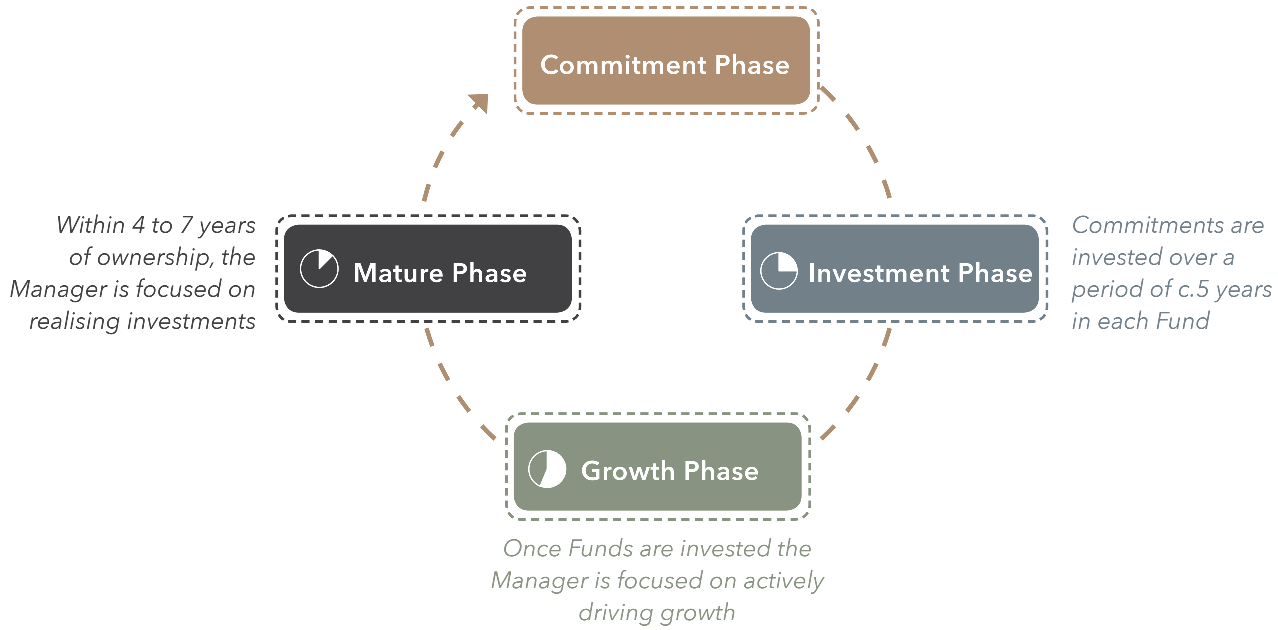
Ethos Capital provides its shareholders with access, both indirectly (through Fund investments) and directly (through Co-Investments), to a diversified portfolio of unlisted companies that are actively managed by Ethos ("the Manager"). Ethos Capital aims to deliver consistent, market-beating returns through these actively managed private equity investments.

Ethos Capital invests using Primary, Secondary and Co-Investment strategies to access private equity backed companies, as set out below.

The Ethos Capital Board and Investment Committee are responsible for allocating capital commitments across these three strategies based on, *inter alia*, the macroeconomic outlook, overall portfolio diversification, liquidity constraints and prevailing market sentiment.

Once the Board has made its decision to invest in the above strategies, the Manager is responsible for driving returns from the underlying Portfolio Companies.





The Investment Phase is the initial period of ownership of an asset. These investments are often held at cost for the first year as the management teams of the underlying investment develop and initiate operational strategies for the Portfolio Company.

The Growth Phase is the period of ownership where the Manager's Value Add capacity and capabilities are institutionalised in the Portfolio Companies to drive growth. This phase is normally between three and five years.

The Mature Phase entails preparing the Portfolio Company for exit and executing the sales process. The proceeds are then returned to investors.

Ethos has a long, successful track record. Since 1984, Ethos' large equity Funds have invested in 110 Portfolio Companies, 97 of which have been sold generating a realised IRR of 36%.

The key factors that differentiate Ethos and have led to this sustained outperformance are:

- the largest and most experienced team of private equity professionals in sub-Saharan Africa (31 investment professionals, including 16 investment partners);
- a world-class governance platform and investment process which leverages the experience of doing deals on the continent for 36 years; and
- sector expertise and domain knowledge (such as artificial intelligence ("Ai")) in addition to an extensive understanding of all aspects of the private equity life cycle.

A combination of the above and the industry expertise and oversight of the Ethos Capital Board, provide a unique investment opportunity to enable shareholders to benefit from the sustained outperformance that private equity can deliver.

Performance overview

2020 has been a year of two halves – both challenging – but for different reasons.

In South Africa, pre-COVID, the progress on initiatives announced by Cyril Ramaphosa's government, have been very slow and, in the main, disappointing with respect to their impact on the economic outlook. Consumer sentiment remained at multi-decade lows and GDP growth rates continued to be significantly below market expectations. Industrial output remained muted with many corporates choosing to delay investment and expansion pending further clarity of key sectoral policies.

By contrast, the strong GDP growth rates of some of the other countries in sub-Saharan Africa have provided a strong platform for growth in key sectors of these economies. Enhanced policy certainty has been a key focus for many of these countries, which has resulted in above-average direct foreign investment which has fuelled economic growth. While strong growth rates provide a solid platform for investment in these sub-Saharan African countries, political and currency stability remain key risk factors.

Since February 2020, the impact of COVID on almost all sub-Saharan countries has been significant. Lockdowns imposed by governments have curtailed consumer spend, significantly decreased production capacity and output and resulted in the largest global contraction in GDP.

Ethos took a strategic decision five years ago to focus on investments in those regions, sectors and companies that have the propensity to benefit from the following key growth tailwinds:

1. Technology-driven disruption to "business as usual"
2. Transportable business models scaling across countries
3. Demand-led growth in higher LSM consumer goods
4. Lowest cost-to-serve, scalable businesses
5. High impact, differentiated services
6. Growing connectivity and data access

Investments that have one or more of the above attributes have a demonstrably better chance of creating a sustainable business niche and delivering market-leading returns. The decision has resulted in investments in companies that have been less severely impacted by the COVID pandemic. However, very few sectors have been completely immune from the global economic fallout.

Pleasingly, the performance of some of Ethos Capital's larger Portfolio Companies has remained strong despite the operating conditions. Channel VAS has shown strong operational growth during the past 12 months, Echo has continued to grow its revenue base and order book and Vertice has grown organically and has added three bolt-on acquisitions during the year and significantly grown its profitability.

During the year, Ethos Capital invested R242 million into existing Portfolio Companies, most notably the acquisition of Gondwana by Echo. It also completed a R750 million rights issue and invested over R1.0 billion to acquire an effective 9.8% stake in Brait. Ethos was appointed as the adviser to the Board of Brait which has adopted a strategy of realising value from its existing Portfolio Company investments. Since taking over as adviser on 1 March 2020, Brait has sold two of its six Portfolio Company investments realising over R3.0 billion.

At a Group level, the NAVPS increased from R11.34 at 30 June 2019 to R11.48 as at 31 December 2019. As a result of the R750m rights issue, the NAVPS on an adjusted basis reduced to R9.89. The NAVPS as at 30 June 2020 decreased to R9.12 based on a "look through" to Brait's last reported NAVPS at 31 March 2020 or to R6.65 assuming the Brait share price as at 30 June 2020.

The significant write down in valuation reflects:

- the significant decrease in many of the valuation multiples of the Portfolio Company peer groups as a result of COVID;
- the impact of COVID on the maintainable EBITDA in the Portfolio Companies; and
- the increase in net debt adjustments to reflect the fact that many of the Portfolio Companies have deferred paying expenses during the lockdown period and require increased levels of working capital to resume trading.

Ethos Mid Market Fund

The Ethos Mid Market Fund I ("EMMF I") has a relatively unique position as a majority black owned and controlled entity which has provided the Fund with a significant number of investment opportunities.

EMMF I has completed eight acquisitions to 30 June 2020 and during the year, completed the acquisition of Gondwana, a follow-on investment in Echo for R94 million.

Ethos Capital has committed R950 million to this Fund out of the Fund's total commitments of R2.5 billion of which R341 million remains outstanding for Ethos Capital.

Ethos Mezzanine Fund

The pipeline of opportunities for Ethos Mezzanine Partners Fund 3 ("EMP 3") remains strong, with particular application of the mezzanine product to growth opportunities in sub-Saharan Africa for investee companies looking to access growth capital.

Ethos Capital had originally committed R250 million to this Fund out of the total commitments of US$120 million (c.R2.1 billion). Ethos Capital has subsequently agreed to reduce its commitment to EMP3 to a maximum of R125m of which R100 million remains undrawn; further discussions with Ethos are ongoing.

Ethos Fund VI

Ethos Fund VI ("EF VI") concluded a number of investments (both follow-on capital and bolt-on investments by the Portfolio Companies) during the year to complete the Fund's investment programme.

While Ethos Capital's commitment to Ethos Fund VI is small (US$10 million), the Company has made a number of Co-Investments alongside the Fund, including Primedia and Vertice.

In January 2020, EF VI completed the sale of Eaton Towers to American Towers. The investment has been a highly successful one for the Fund which realised a 2.5x money back multiple and an IRR of 22% in ZAR over the 4.5-year investment period.

Ethos Healthcare Platform

The Ethos Healthcare Platform ("EHP") has continued to invest behind the buy-and-build strategy for Vertice, a medical technology ("MedTech") business that it acquired in May 2018. In addition to the two acquisitions that were completed to June 2019, a further three complementary MedTech businesses were acquired during the year and the company is in advanced discussions with other acquisition targets to create a high-end market- leading, scaled supplier of high-end medical devices. Ethos Capital has invested R93.5 million into the platform to date.

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor equity fund for EF VI (which is now fully invested) and had its first close in October 2018.

Shortly after the closing, the Fund completed its first investment into Channel VAS, an airtime credit service provider with operations and contracts with mobile network operators across 28 countries in Africa. Ethos Capital also made a Co-Investment in Channel VAS, alongside the Fund.

In November 2019, EF VII completed a Co-Investment alongside EMMF I to facilitate the acquisition of Gondwana by Echo. In February 2020, EF VII invested R700 million to acquire a stake alongside Ethos Capital in Brait.

EF VII is now fully invested and is focused on realising value from its six Portfolio Companies (including the Brait underlying investments). Ethos Capital invested c.R800 million into EF VII and has no further outstanding commitment to EF VII. Ethos Capital has discretion over any further participation in the Fund.

Ethos Ai Fund I

The Ethos Ai Fund I ("EAiF I") was established as a Co-Investment vehicle to invest alongside other Ethos Funds in businesses that will benefit from the adoption and implementation of algorithmic decision making. The Fund had its first close in October 2018 and has invested alongside EF VII in Channel VAS, alongside the EHP in Vertice and into TymeBank, alongside African Rainbow Capital Limited.

The Fund is exploring a number of interesting data-driven transactions, some of which are at an advanced stage of due diligence.

Ethos Capital has committed R150 million as a first close investor to EAiF I and its outstanding commitments total R56 million.

Valuations

COVID had a significant impact on Portfolio Company valuations both from its impact on maintainable EBITDA and also valuation multiples of the Portfolio Companies. While the valuation multiples of some sectors did increase towards the end of Q2 2020, Ethos decided to keep most of the multiples at similar levels to March 2020 until the sustainability of the rally and Portfolio Company performance could be ascertained.

As at 30 June 2020, the implied EV/maintainable EBITDA of the unlisted portfolio that is valued on an earnings-based methodology, is 7.0x (7.5x equivalent at 30 June 2019) and the implied price earnings ratio ("PER") is 12.0x.

Excluding Channel VAS whose valuation multiple remained unchanged the EV/maintainable EBITDA of the unlisted portfolio fell to 6.7x.

Based on the Ethos Capital share price as at 30 June 2020, the equivalent "market implied" EV/maintainable EBITDA and PER are 4.6x and 7.9x respectively.

Share price performance

The objective of the Board is to maximise long-term, sustainable returns for investors. As part of that strategy, the Company repurchased to date a total of 9 million shares, representing 3.2% of the Company's unencumbered issued A Ordinary Shares. The Board is conscious of the prevailing share price discount to NAVPS and is assessing opportunities to address the discount and maximise value for shareholders. Based on an analysis of a number of globally listed private equity firms, the Board believes that, while buybacks are accretive on a NAVPS basis, buybacks have been unsuccessful at materially closing the discount to NAVPS. Ultimately, strong underlying growth in NAVPS will drive a closing of the discount to NAVPS and the Board will continue to focus on achieving this through underlying portfolio performance and opportunistic share buybacks, subject to available liquidity.

By nature, private equity is a long-term investment, requiring long-term thinking and a patient strategy. Ethos Capital remains confident of its ability to generate sustainable, market-leading returns for its investors.

Liquidity

As at 30 June 2020, Ethos Capital had invested 99% of its total assets across a portfolio of 22 private companies with a combined EBITDA of more than R3 billion (excluding Brait and the MTN Group).

Ethos Capital, like its local and global listed private equity peers, follows an "over-commitment" strategy. Ethos Capital makes commitments to Funds, secondaries and Co-Investment transactions that exceed the current cash and debt facilities available to the Company. The Board closely monitors the liquidity profile and the non-discretionary Fund commitments of the Company. A liquidity model is maintained alongside Ethos to best forecast the timing and quantum of anticipated realisations and drawdowns against the commitments.

Ethos Capital has concluded a debt facility with Rand Merchant Bank ("RMB") in February 2020. The Board believes that it is prudent to utilise limited leverage to supplement its equity invested into various Funds and Co-Investments. The Board considers both the asset cover (total assets/ net debt) and the "look-through" net debt:EBITDA ratio of the portfolio in determining the optimal level of debt to utilise for investment purposes. The current maintainable net debt:maintainable EBITDA of the Portfolio Companies is 1.8x and R40 million of the debt facility has been drawn.

Outlook

The impact of COVID 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. However, it is likely that the number of investment opportunities will continue to remain robust and economic growth in other sub-Saharan African countries will also provide exciting investment opportunities for the various Funds.

The COVID 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. Many of the Portfolio Companies continue to assess strategic bolt-on transactions to enhance their position in their respective markets.

Ethos made good progress on a number of disposals (Iceland, DGB and Eaton Towers) despite the difficult market conditions and this remains a focus of the fund teams over the next 12 months.

Given the uncertain economic outlook, the Board believes that remaining focused on theme/tailwind led investing, leveraging the sector, value add and domain expertise of the Manager while exercising price discipline, will result in strong investment returns in excess of the Company's cost of equity.

The Board's strategy is not to commit to any new Fund commitments until the underlying Funds' realisation strategies and distributions to shareholders have been demonstrated.

Peter Hayward-Butt
Chief Executive Officer

INVESTMENTS, PERFORMANCE AND INVESTMENT ADVISOR

REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

Performance

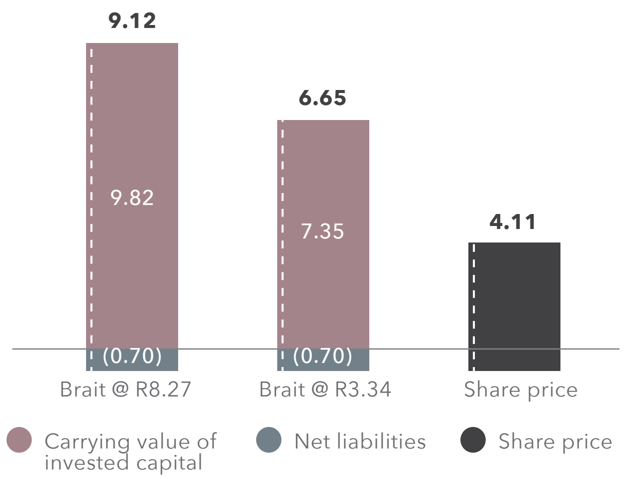
NAV and NAVPS

As an investment Company, the performance of the NAV and NAVPS is considered the most appropriate measurement of the Group's financial performance. The NAVPS is derived from the underlying NAV of the Group, consisting of the aggregate of invested capital and net cash or liabilities, and the number of its shares outstanding (net of treasury and encumbered shares). During the first half of the year, the NAVPS increased from R11.34 to R11.48 at 31 December 2019, which was a very modest increase given the tough trading conditions in the South African market. In February 2020, the Group completed a Rights Issue at R7.50 per share, increasing the ordinary shares by 100 million; the post-Rights-Issue adjusted NAVPS at 31 December 2019 was R9.89.

The second half of the year was significantly impacted by the unprecedented outbreak of the COVID pandemic, that lead to national lockdowns across the world. Portfolio Companies' short-term profitability was impacted and peer group multiples, on which their valuations are based, declined significantly. That resulted in Ethos Capital's NAVPS declining to R6.65 at 30 June 2020. It should be noted that the listed investment in Brait is valued at fair value, which is based on its 30 June 2020 share price of R3.34; valuing Brait at its last reported NAVPS at 31 March 2020 of R8.27 results in a NAVPS at 30 June 2020 for Ethos Capital of R9.12.

The Group's share price at 30 June 2020 was R4.11, implying a 38% discount to the 30 June 2020 NAVPS; and a 55% discount to the NAVPS based on Brait's NAVPS.

GROUP NAVPS AND SHARE PRICE AT 30 JUNE 2020 – RAND



An analysis of the movements in the Group's NAV and NAVPS are detailed below:

	NAV R'000	NAVPS Cents
At 30 June 2019	1,785,549	11.34
Net rights issue proceeds	735,327	(1.55)
Net return on Temporary Investments	16,444	0.06
Net return on investment portfolio (incl. portfolio expenses)	(773,913)	(3.01)
Operating expenses	(11,112)	(0.04)
Finance costs	(12,799)	(0.05)
Fees paid to Ethos	(24,010)	(0.09)
Taxation	(3,736)	(0.01)
At 30 June 2020	**1,711,750**	**6.65**

The net return on the Temporary Investments portfolio (consisting of liquid NCDs, cash and call accounts) was R16.4 million or 6.9% based on the average balance during the year, net of administration fees of R0.3 million that was payable to Ashburton Fund Managers Proprietary Limited ("Ashburton") for managing the portfolio.

The investment portfolio reflected a net loss – largely unrealised – of R773.9 million. As noted previously, the investment portfolio was significantly impacted by the COVID pandemic. Since February 2020, the listed portfolio declined by R0.6 billion and the unlisted portfolio by R0.2 billion. The net loss includes investment portfolio expenses of R3.9 million, which largely relate to transaction fees (completed and aborted), Fund establishment costs and Fund operating expenses (general legal fees, shared investor expenses, etc.).

Operating expenses which in 2020 totalled R11.1 million, principally relate to Directors' remuneration (R4.4 million), legal fees incurred on the revolving facility and audit, listing, administration, insurance, travel and other general costs. The operating expense equalled 0.6% of the Group's average NAV over the year.

The fees payable to Ethos as the Company's Investment Advisor and Investment Manager of the Funds totalled R24.0 million. These include advisory and management fees on Primary, Secondary and Co-Investments (R23.7 million), and administration fees on Temporary Investments (R0.3 million). The Ethos fees equalled 1.4% of the Group's average NAV over the year.

Finance costs relate to accrued interest on the Group's facility, interest paid on the Company's revolving credit facility and commitment and arrangement fees levied on the latter.

Taxation of R3.7 million was largely as a result of withholding tax (R2.2 million) from income distributions received during the year and the Mauritian income tax charges for the year.

Further details on expenses are provided in notes 14 and 17 of the Notes to the Annual Financial Statements.

Share price analysis

Ethos Capital's share price achieved a high of R8.00 per share during the year before suffering, similar to most listed companies, a large decline following the COVID pandemic during Quarter 1 of 2020. The share price ended the year at R4.11 which represented a 38% discount to the Group's 30 June 2020 reported NAVPS, and 55% compared to the increased NAVPS that reflects the Brait investment at its last reported NAVPS. The average discount to NAV during the year was c.38%.

Private equity activity cycle

The Group follows the life cycle of a private equity Fund. The Board is responsible for making commitments either to existing or new Ethos Funds or to Co-Investments (Direct Investments) alongside the Funds. Once these commitments are made, Ethos (the Investment Manager) takes responsibility for deploying the committed capital into various Portfolio Companies, driving growth and transformation in these underlying assets and finally exiting the businesses. The capital is then returned to Ethos Capital, either to be distributed to shareholders or to be recycled and invested in new Ethos Funds.

Commitments to Ethos

During the year, the Company made R667.0 million of new commitments to Ethos Funds, including a R606.0 million commitment to the Ethos Direct Investment Partnership ("EDI") to facilitate Co-Investments into the Brait investment alongside EF VII and further commitments of R47.5 million (EHP) and R13.5 million to Ethos Mid Market Direct Investment Partnership ("EMM Direct").

In addition, following Ethos' decision to close EF VII for new commitments (final close to happen in October 2020), Ethos Capital's commitment was reduced and it has no current undrawn commitments to EF VII at 30 June 2020. Ethos Capital has discretion over any further participation in EF VII.

At 30 June 2020, the Company had made cumulative commitments of R3.6 billion to Ethos Funds or investments; R0.5 billion of the amount was undrawn.

Name	Vintage	Share of Ethos Investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38 – 40	950,000	341,305
EMP 3*	2018	16	125,000	100,101
EAi F I	2018	27	150,000	55,645
EF VI	2011	1 – 2	173,675**	20,075
				517,126

* Adjusted to reflect offer received to acquire up to 50% of Ethos Capital's EMP 3 commitment.
** US$10 million commitment.

Investments

Investment portfolio

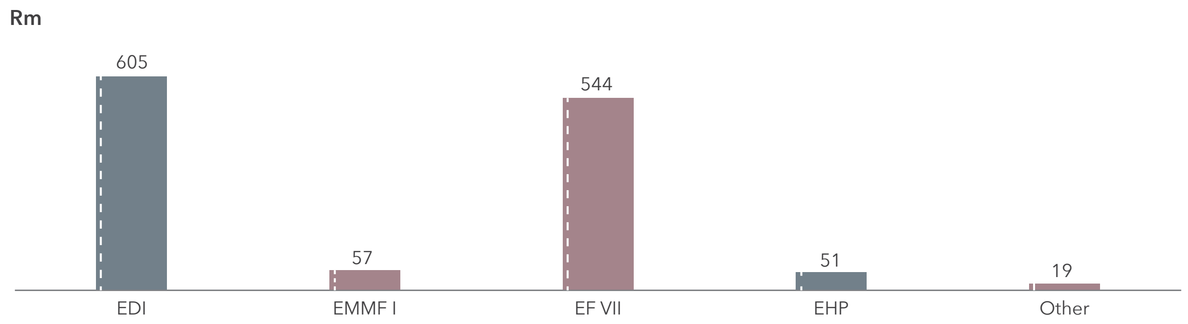
At 30 June 2020, the investment portfolio of the Company consisted of the following eleven investments:

Investment name	Participation in Ethos Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
EF VII	61.0	667,713	35.0
EMMF I	37.9	390,772	20.5
EHP	18.1	116,778	6.1
EAiF I	26.5	112,704	5.9
EF VI	1.4	47,793	2.5
EMP 3	14.9	22,794	1.2
Co-Investments			
Brait [(1)]	5.7	250,801	13.2
Channel VAS [(1)]	2.4	127,338	6.7
Primedia [(2)]	4.4	79,177	4.2
Kevro [(3)]	8.8	61,027	3.2
Ster Kinekor [(4)]	4.4	14,846	0.8
Total carrying value of invested capital		**1,891,743**	**99.3**

(1) Investment in EDI, that co-invested in Brait SE and Channel VAS Investments Ltd BVI.
(2) Investment in Primedia Holdings (Pty) Ltd.
(3) Investment in Kevro Holdings (Pty) Limited, held through EMM Direct.
(4) Investment in Ster Kinekor Theatres Proprietary Limited.

The Ethos Funds invested over R1.03 billion into Brait, and provided further funding of R0.24 billion for existing investments – more details are provided in the section on the following page.

Details of the capital drawdowns by Fund are provided below:



Underlying Portfolio Companies

The Ethos Funds invest in a diversified pool of unlisted Portfolio Companies which provides the Company with a diversified portfolio of underlying investments.

At 30 June 2020, the investments, constituting 99.3% of the Group's total assets, consisted of the following 22 companies:

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
Kevro	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
Twinsaver	FMCG Manufacturer	2015	1.7
New Look (Brait)	Multi-channel fast-fashion brand	2020	1.3
Autozone	Automotive parts retailer & wholesaler	2014	1.2
Chibuku	Brewing and distribution	2018	1.2
MTN Zakhele Futhi	Telecommunications	2017	1.1
Ster Kinekor	Media (entertainment)	2017	0.8
Eazi Access	Industrial support services	2016	0.6
The Beverage Company	Carbonated drinks manufacturer	2017	0.4
Neopak	Paper and packaging	2015	0.4
Waco International	Industrial support services	2012	0.4
Consol Glass (Brait)	Manufacturer of glass packaging	2020	0.3
RTT	Logistics	2014	0.2
			99.3

Initial acquisition date by Ethos Fund.

The following investments were made by the Funds during the year:

In October 2020, EMMF I completed the acquisition by Echo of Gondwana, a pan sub-Saharan African Internet Service Provider ("ISP"), which provide Echo with a broad coverage and product offering in nine key sub-Saharan countries. EF VII invested alongside EMMF I for a total investment of R270 million. Ethos Capital's share of the investment through its participation in these two Funds was R133 million.

Earlier in October 2020, the Ethos consortium (including EF VII, EAiF I and EDI) increased its stake in Channel VAS by 2.5% to 20% for a net amount of R38 million (net of dividends declared and withheld as part of the funding) (Ethos Capital's share of the investment through these Funds was R20 million).

EF VII participated in the Brait Rights Issue during February 2020, investing an amount of R700 million on behalf of its investors. Through a new commitment in EDI, Ethos Capital co-invested R600 million alongside EF VII, bringing its total participation to over R1.0 billion for an effective holding of 9.8% in Brait. Brait is a public listed investment holding company, that at the time consisted of investments in:

- Virgin Active, a leading international health club operator with presence in United Kingdom ("UK"), Southern Africa, Italy and Asia Pacific;
- Premier, a leading South African FMCG manufacturer offering branded and private label solutions;
- Iceland Foods, a UK based national food retailer (that was subsequently sold to the founder management team);
- New Look, a UK multi-channel fast-fashion brand for women;
- DGB, a South African producer and exporter of local wine and importer of international brands (that was subsequently sold); and
- Consol Glass, the largest manufacturer of glass packaging on the African continent.

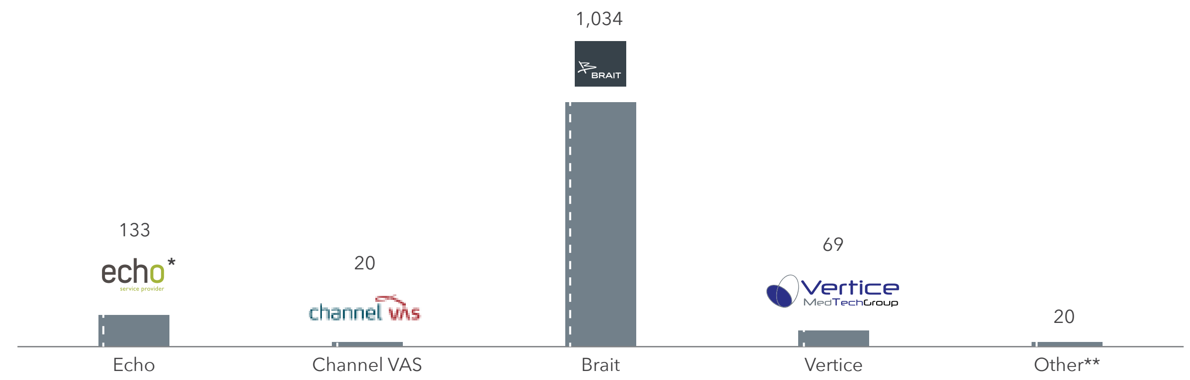
Through its MedTech platform company, Vertice, the EHP completed a number of bolt-on acquisitions to further consolidate its position in these complementary, high-growth products and markets. Acquisitions of Jumla and Paragmed were completed in October and the acquisition of Stratmed in November. Through its investment in EHP, EF VI and EAiF I, Ethos Capital has invested a further R69 million into the MedTech platform during the year.

In addition, during the year, Ethos Capital invested a further R35 million into the existing Portfolio Companies of EMMF I, EMM D and EF VI. In March 2020, EAiF I increased its commitment base that resulted in Ethos Capital, as a first close investor, being equalised and with R14 million of invested cost being returned, alongside R1.7 million of equalisation gains. Furthermore, EMP 3 had its final close in February 2020, with Ethos Capital receiving R2.0 million of invested cost returned.

Ahead of the COVID devaluation, Ethos Capital's invested capital increased to R2.7 billion, nearly 100% of the Group's total assets, further diversifying the portfolio and expanding its geographical exposure.

An analysis of the movements in invested capital is provided below:

MOVEMENT IN INVESTED CAPITAL – Rm

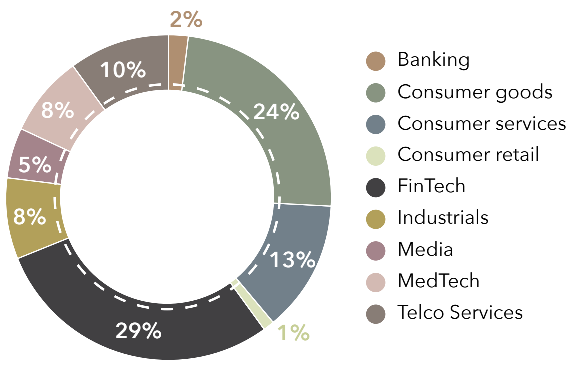


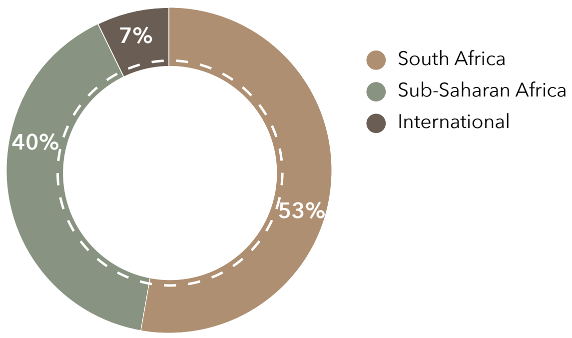
** Echo acquisition of Gondwana.*
*** Including Fund equalisations from EAiF I and EMP 3.*

Asset growth

Portfolio Company performance

Ethos Capital's investment portfolio at 30 June 2020 has exposure to 22 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of over R24 billion and EBITDA of more than R3 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.

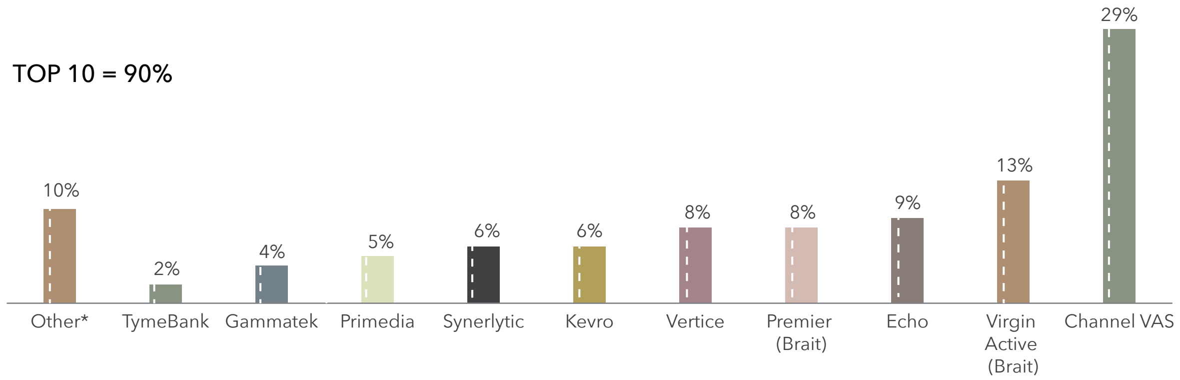




At 30 June 2019, the contribution of each underlying Portfolio Company to the total assets of R1.9 billion, of which the top 10 investments make up 90% of the total assets, is as follows:

TOTAL ASSETS CONTRIBUTION – R1.9 BILLION

TOP 10 = 90%



** Including twelve Portfolio Companies and current assets.*

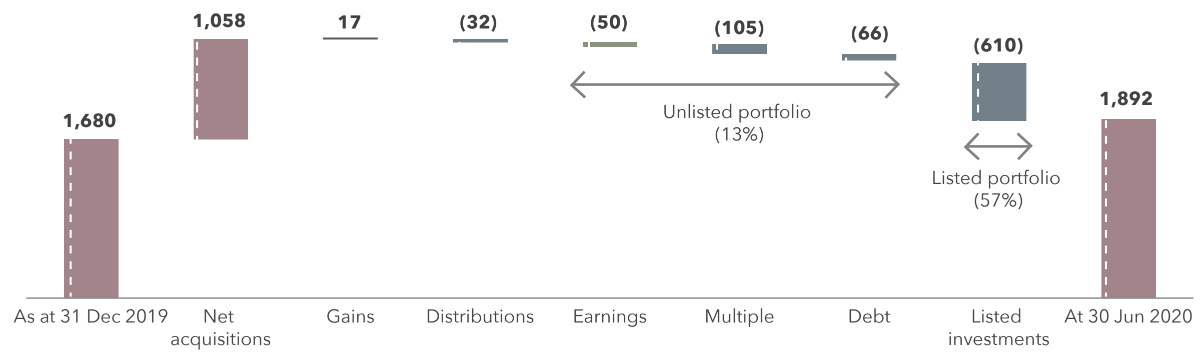
The negative gross return of the portfolio of R770 million over the year was largely attributable to unfavourable movements on the listed portfolio's share prices, following the market reaction to the COVID pandemic. The listed portfolio, consisting of Brait and MTN Zakhele Futhi, devalued by R623 million over the year, with the balance attributable to the unlisted portfolio. The unlisted portfolio achieved a return of R57 million over the first half of the year, but during the second half of the year, achieved a negative return of R204 million due to the COVID pandemic that impacted most of the Portfolio Companies' short-term profitability and the peer group multiples – on which their valuations are based – that declined significantly.

The post-COVID NAV of Ethos Capital's unlisted (original) portfolio as at 31 December 2019 decreased from R1,652 million at 31 December 2019 to R1,439 million. The decrease, adjusted for investment transactions, was largely as a result of:

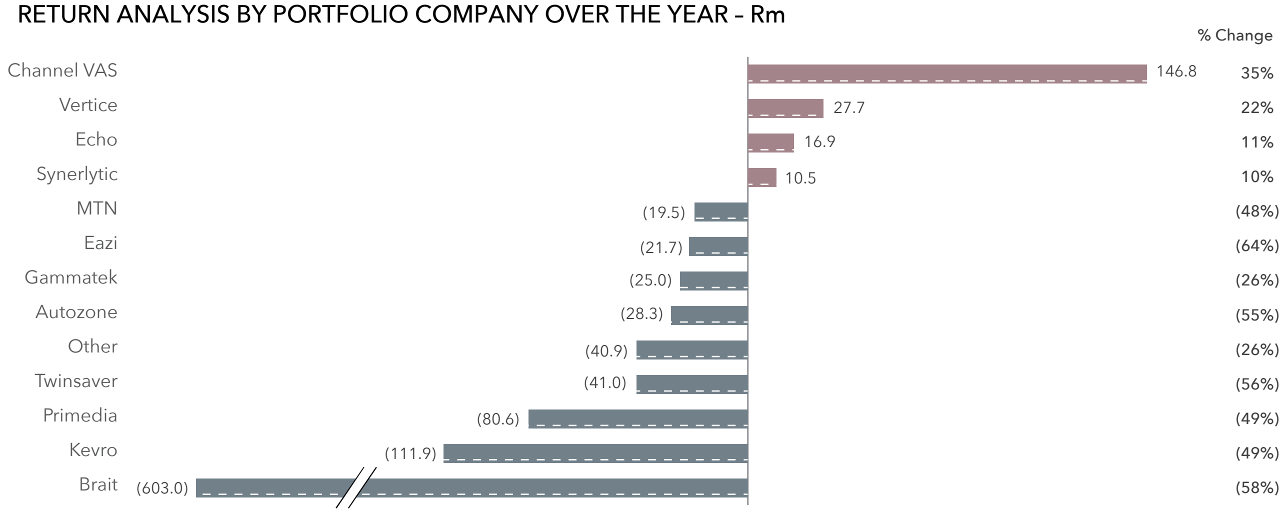
- a reduction in attributable EV/EBITDA multiples accounting for 47% of the reduction;
- a decrease in maintainable EBITDA accounting for 16% of the reduction;
- an increase in sustainable net debt accounting for 30% of the reduction; and
- realisations and Fund equalisations at the 31 December 2019 value accounting for 7% of the reduction.

The attribution of the gross portfolio return by Portfolio Company is detailed below:

MOVEMENT IN THE VALUATION DRIVERS OVER THE LAST SIX MONTHS OF THE YEAR – Rm



RETURN ANALYSIS BY PORTFOLIO COMPANY OVER THE YEAR – Rm

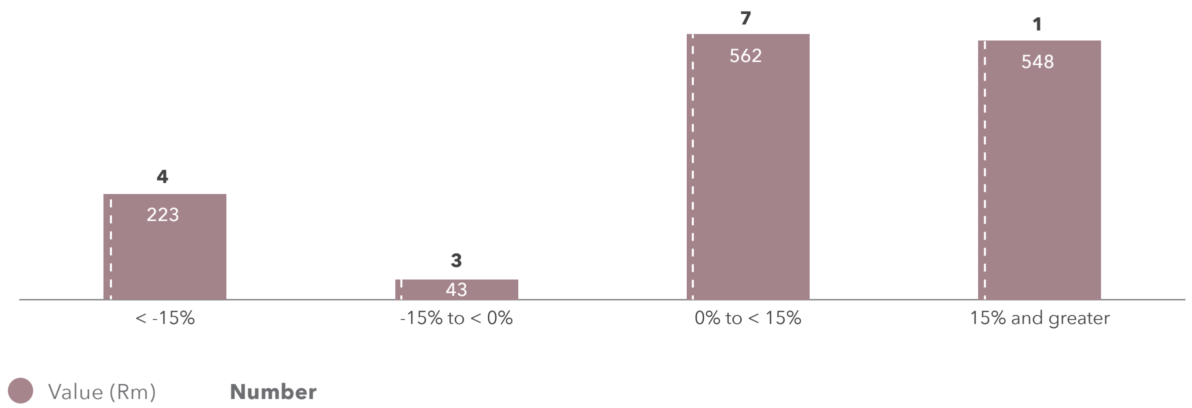


The performance of the various Portfolio Companies was extremely varied during the year. Some businesses such as Channel VAS, Vertice, Premier and Echo (55% of total assets) continued to perform very strongly despite the difficult operating environment. These businesses were also less impacted by COVID. Other businesses such as Virgin Active, Primedia and Kevro (23% of total assets) were severely impacted by COVID and consequently their valuations were significantly reduced during the year. However, the overall diversification of the portfolio was a key factor and the unlisted portfolio's attributable sales and EBITDA growth on a value weighted basis increased 18% and 17% respectively, largely driven by the strong performance in Channel VAS which also benefited from a depreciating ZAR.

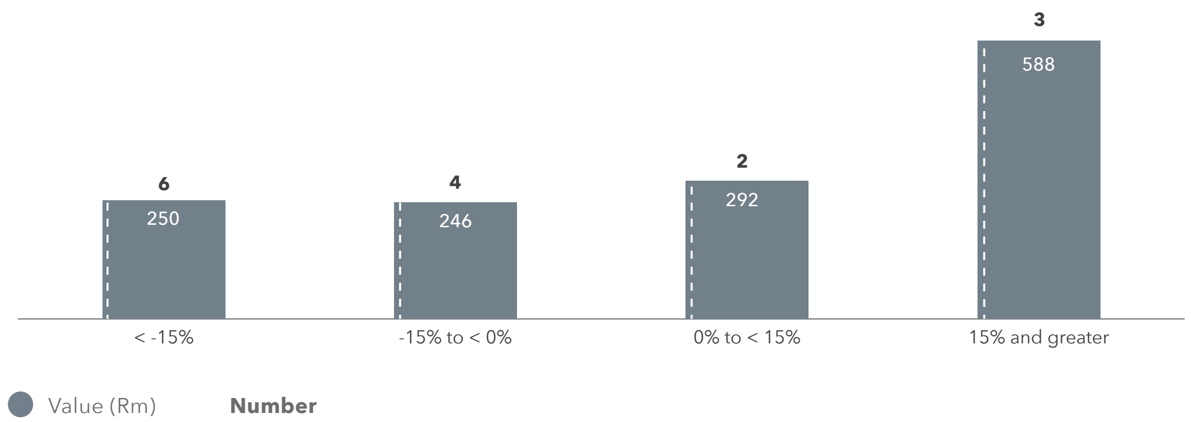
The performance of the Brait share price which was down 55% since the completion of the transaction, largely as a result of COVID's impact on Virgin Active, had a significant impact on the Ethos Capital NAVPS. While this was disappointing, good progress has been made in repositioning the Brait businesses for exit, reducing debt and operating costs at the Brait level and also disposing of Iceland and DGB with proceeds of c.R3.0 billion. The value unlock strategy will continue and the Board is confident that this will result in a significant value unlock from the Brait portfolio.

The analysis below, showing the revenue and EBITDA growth rates across the unlisted Portfolio Companies, demonstrates the benefit of portfolio diversification The vast majority (81% by revenue and 64% by EBITDA) of the Portfolio Companies (by value) grew both revenue and EBITDA during the year with a number of companies including Channel VAS growing by >15%.

REVENUE GROWTH % RANGE



EBITDA GROWTH % RANGE



Portfolio Company valuations

The NAV of each Fund is derived from the valuations of the underlying Portfolio Companies which are prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). Valuations are performed quarterly, audited semi-annually and approved by each Fund's Advisory Boards. The IPEV Guidelines set out best practice where private equity investments are reported on at fair value, with the majority of the private equity investments being valued on an earnings multiple method.

In terms of this method, an appropriate valuation multiple is applied to an investment's maintainable earnings to determine the enterprise value ("EV") of the investment. The valuation multiple for each investments is derived from the average of public market companies' multiples, with the Investment Manager then adjusting each investment's multiple based on its risk profile and performance factors (i.e. applying a premium or discount). The EV is then adjusted for surplus assets or net debt to derive the equity value of the investment, which is then apportioned to the underlying holders of the financial instruments (e.g. shareholder loans and ordinary shares) – all of these are referred to as unobservable inputs as referred to in note 25 of the Notes to the Annual Financial Statements.

For the majority of the underlying Portfolio Companies the key valuation inputs are the earnings (e.g. EBITDA) of a Portfolio Company and the relevant multiple that is then applied to these earnings to determine the EV. Net debt/cash is then subtracted/added to the EV to determine the equity value. The table on the following page illustrates in aggregate how the equity value of the Company's investments is determined.

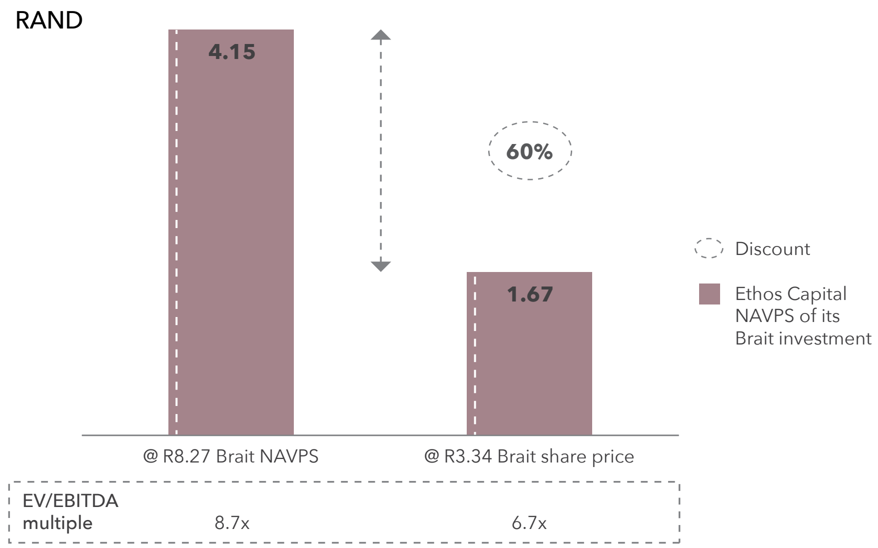
The valuation of some of the other Portfolio Companies are not derived from an earnings-based valuation basis: Chibuku Products consists of mezzanine financing provided and is based on the fair value of the instrument less any impairment; TymeBank, an investment in an early stage growth company, is valued at the price of the most recent investment; and the valuation of the investments in Brait and MTN Zakele Futhi is based on their respective share prices at 30 June 2020.

Listed portfolio

The investment in Brait is held via a listed entity and hence Ethos Capital's fair value is based on the prevailing share price at 30 June 2020 of R3.34. The last reported Brait NAVPS which is based on the above earnings-based valuation, was R8.27 (as at 31 March 2020), resulting in a share price discount to NAVPS of 60%.

The underlying Brait Portfolio Companies that are valued on an earnings-based valuation were valued at an implied EBITDA multiple of 8.7x. Based on Brait's share price, the implied multiple decreases to 6.7x.

The table sets out for Ethos Capital, its attributable NAVPS of the Brait investment and implied EV/EBITDA valuation multiple based on the Brait reported NAVPS of R8.27 and the Brait share price of R3.34. The value unlock strategy and disposal of the Brait assets should eradicate the current trading discount of the Brait portfolio.



The valuation of EMMF I's indirect investment in the MTN Group that is held via its investment in MTN Zakhele Futhi, is based on the latter's prevailing share price at 30 June 2020 of R10.10 per share. Based on the MTN Group's last reported EBITDA and taking into account its debt levels as well as MTN Zakhele Futhi's debt, the share price implies an EV/EBITDA multiple of 3.4x.

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA (excluding the listed investments in Brait and MTN Zakhele Futhi) as used in the 30 June 2020 valuations was R263.3 million and its attributable share of the maintainable net debt was R469.3 million, equating to a net debt/EBITDA multiple of 1.8x (2019: 1.9x). Portfolio Companies that are not valued on an earnings-based valuation have been excluded from this analysis, i.e. Chibuku and TymeBank.

Based on the Company's attributable EBITDA and an implied EV/EBITDA multiple of 7.0x, the EV of the Company's participation in the underlying Portfolio Companies is c.R1.8 billion. The attributable net debt is subtracted to result in a net equity value of c.R1.4 billion, as set out below.

Based on the information provided by the Investment Manager, the implied EV/EBITDA of 7.0x represents a 47% discount to the peer group average (2019: 31%), therefore implying an unadjusted EV/EBITDA multiple, for the comparable peer groups used, of 13.1x. The Investment Manager believes that this discount applied to the peer group multiples appropriately represents the relevant discounts applied for, *inter alia*, liquidity, jurisdictional discount, risks and growth outlook.

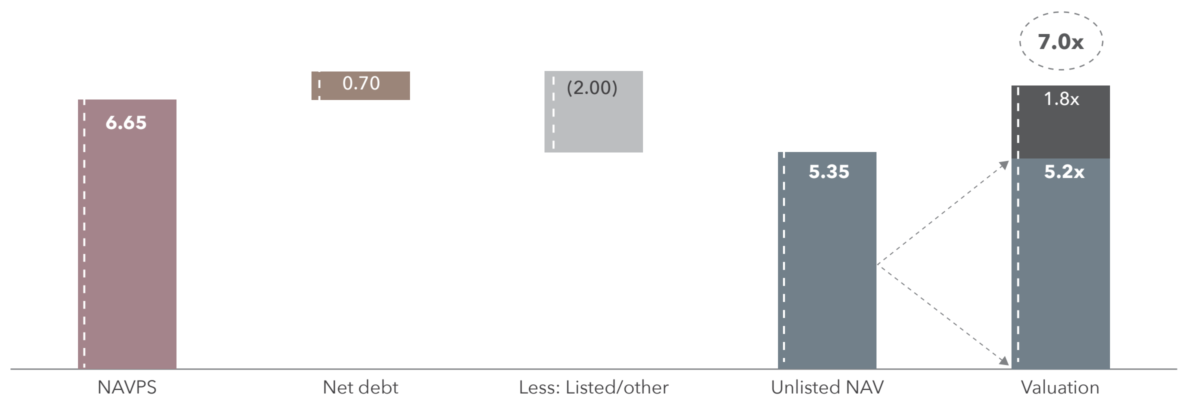
The implied EV/EBIAT (equivalent to a price earnings ratio) of the portfolio was 12.0x.

Earnings-based unlisted investments	30 June 2020 Rm	30 June 2019 Rm
Attributable EBITDA	263.3	233.2
Implied valuation multiple	*7.01x*	*7.47x*
Attributable enterprise value	**1,845.7**	**1,742.0**
Less: Attributable debt	(469.3)	(443.3)
Attributable debt multiple	*1.8x*	*1.9x*
Attributable equity value	**1,376.4**	**1,298.7**
Add: Other equity investments	515.3	128.6
Total investments	**1,891.7**	**1,427.3**
Carrying value of invested capital per share (Rand)	**7.35**	**9.06**

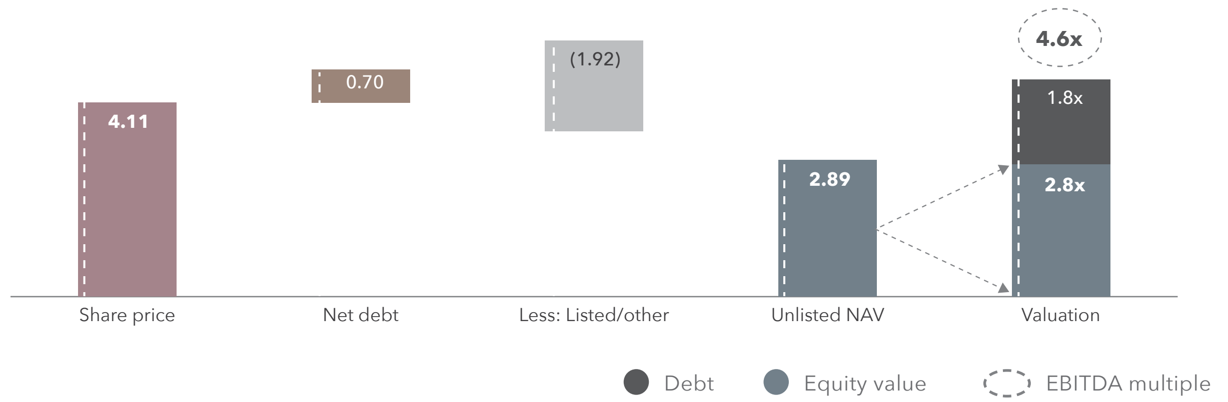
Based on the Company's share price of R4.11 as at 30 June 2020, the market implied EV/EBITDA was 4.6x and the EV/EBIAT was 7.9x.

	Share price based 30 June 2020 Rm	NAV based 30 June 2020 Rm
Attributable EBITDA	263.3	263.3
Implied valuation multiple	*4.61x*	*7.01*
Implied share price discount	*34%*	
Attributable enterprise value	**1,214.2**	**1,845.7**
Less: Attributable debt	(469.3)	(469.3)
Attributable debt multiple	*1.8x*	*1.8*
Attributable equity value	**744.9**	**1,376.4**
Add: Other equity investments	493.7	515.3
Total implied/actual investments	**1,238.6**	**1,891.7**
Invested NAV per share (Rand)	4.81	7.35
Debt (Rand)	(0.70)	(0.70)
NAVPS (Rand)	**4.11**	**6.65**
Invested capital discount	*35%*	

NAV-BASED VALUATION – RAND

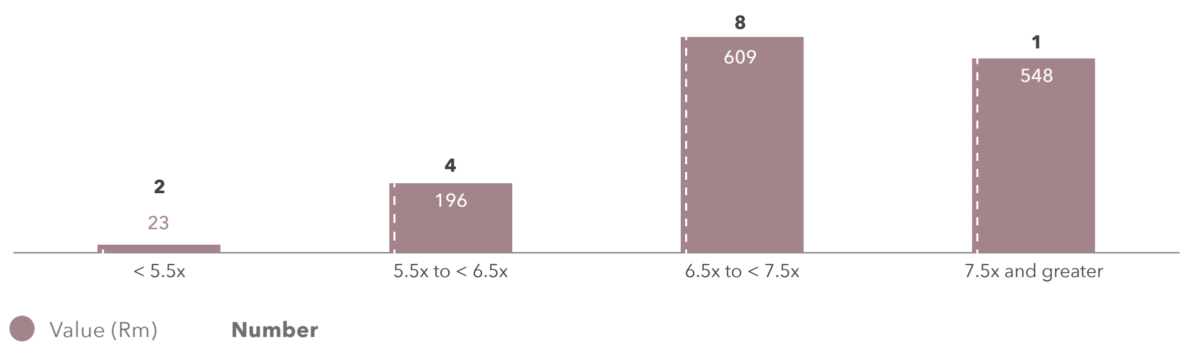


SHARE-BASED VALUATION – RAND

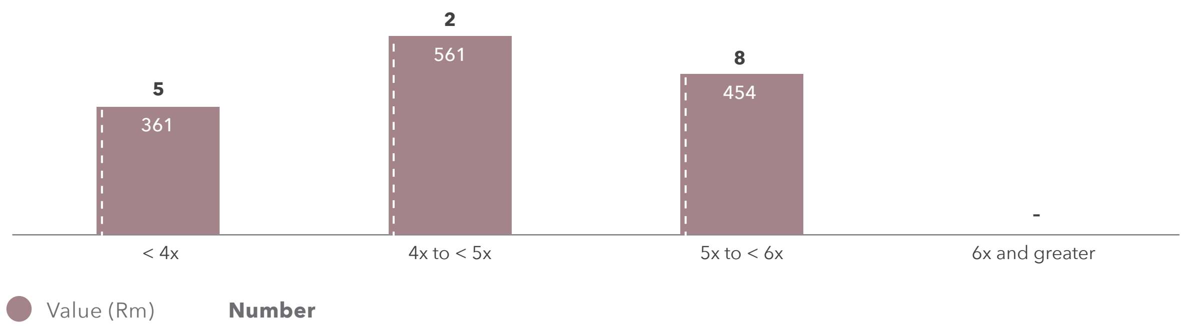


The analysis below sets out, for the unlisted Portfolio Companies that are valued on an earnings multiple method, the ranges of their EBITDA and net debt/EBITDA valuation multiples. In addition, the number of Portfolio Companies, and aggregate valuation, for each range are detailed to reflect the relevant portfolio composition of each.

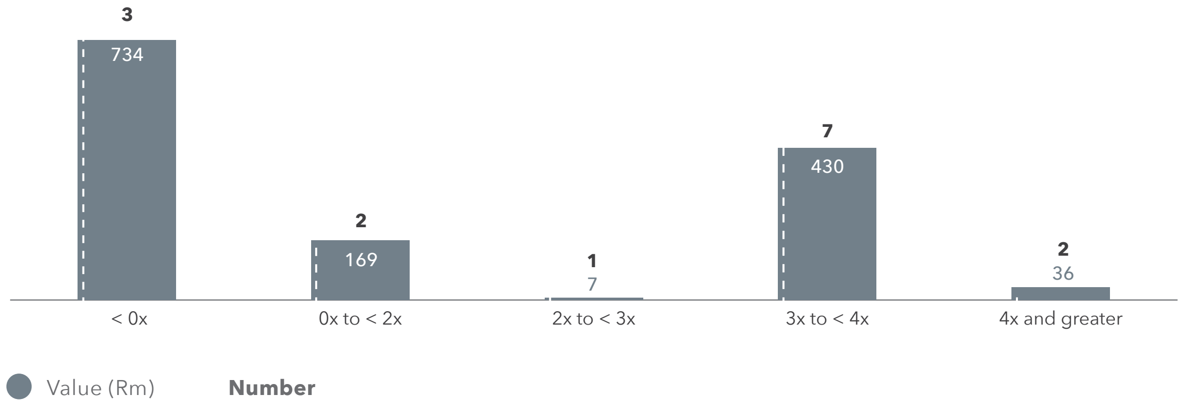
EBITDA VALUATION MULTIPLE RANGE



EBITDA VALUATION MULTIPLE RANGE (ADJUSTED FOR SHARE PRICE DISCOUNT)



DEBT/EBITDA MULTIPLE RANGE



Realisations

During the year, total distributions of R41.0 million were received from the various Ethos Funds largely relating to underlying dividends received from Portfolio Companies, including Channel VAS (R21.5 million) and Chibuku (R1.9 million). As noted earlier, following a further commitment closing in EAiF I, Ethos Capital was equalised and received an equalisation gain of R1.7 million.

Fund VI completed the sale of its investment in Eaton Towers in January 2020, generating a ZAR 2.5x money back multiple and an IRR of 22% for the Fund. Ethos Capital received proceeds of R15.8 million from the investment.

Available capital

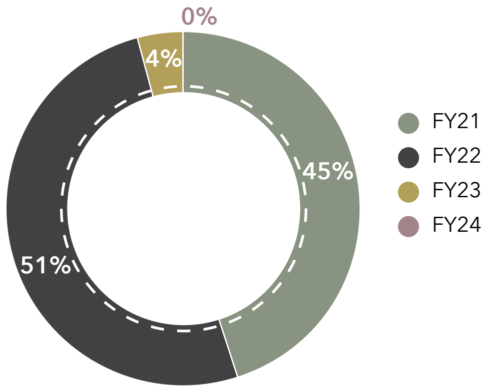
Liquid resources and balance sheet management

As at 30 June 2020, Ethos Capital had net liquid resources of R1.3 million and had drawn R40 million of the five-year revolving credit facility with Rand Merchant Bank ("RMB"). To minimise commitment fees, only R200 million of the R700 million facility is committed, with a further R500 million uncommitted and subject to lender credit process if further drawdowns are required. Optically, the Board views the ultimate implied capacity of the above facility as being R500 million and used that as their benchmark or maximum capacity for liquidity considerations.

The Company follows an "over-commitment" strategy in respect of the allocation of capital with the aim to optimise the NAVPS returns by utilising appropriate levels of gearing to enhance returns.

The Board assesses a number of key issues in determining the appropriate level of the over-commitment strategy. The Funds typically have an investment period of five years post their final close in which the Funds can call for capital from the investors to be invested in Portfolio Companies. The Funds would typically be less than 100% invested (for instance to allow a buffer for management fees to be drawn), and it is expected that realisations from the current investments will supplement the available resources before the end of the investment period. Furthermore, a Portfolio Company can raise additional financing through utilising its own bank facilities.

The below sets out the current best estimate of the expected drawdowns over the next four years, representing the remaining investment period of the Funds.



The Board, through the Investment Committee, regularly monitors the Company's liquidity forecast using a detailed model that forecasts potential capital calls from the Funds, operating expenses and the timing and quantum of distributions from expected portfolio realisations.

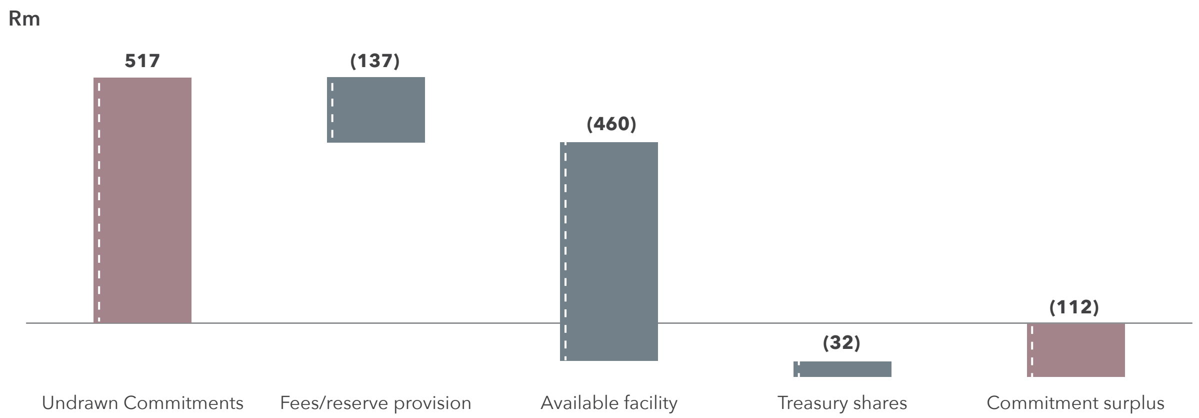
Following the COVID pandemic and resultant decrease in asset prices, the availability or capacity of the facility has decreased due to the 4.5x asset cover covenants that are in place. Furthermore, the timing of expected realisations from the current investments has likely been moved out by at least 12 – 18 months, adding further pressure on the Group's liquidity forecast.

To mitigate the above, the Company proactively explored available options to manage its liquidity, one of which was to engage with the General Partner of EMP3, and the latter with the other Limited Partners of EMP3 to assess the appetite to acquire Ethos Capital's participation or a share thereof in EMP3. An offer has been received to acquire up to half of the Company's R250 million commitment, that would reduce the current undrawn commitments to c.R100 million.

In addition, following Ethos' decision to close EF VII for new commitments (final close to happen in October 2020), Ethos Capital's commitment was reduced and it has no current undrawn commitments to EF VII at 30 June 2020. Ethos Capital has discretion over any further participation in EF VII.

The above puts the Company in a relatively strong position to manage its likely liquidity needs over the medium-term and the Directors therefore believe the Company can operate as a going concern over the coming years.

The table below sets out the assumed unwinding of the current undrawn commitments if drawn at once. The undrawn commitments of each Fund however, need to allow for quarterly management fees payable (until the exit of the last investment) and typically for a contingency reserve for existing investments, whether for add-ons or unforeseen funding requirements; hence, it is highly unlikely that this reserve (assumed 10% per Fund) balance will be drawn all at once or imminently in full, and therefore is deducted from the immediate funding requirement. The Company can draw on its benchmark or maximum facility of R460 million, which will be used to fund any further commitments drawn. In addition, Ethos Capital can sell the treasury shares to supplement any liquidity requirements. That results in a net implied commitment surplus of R112 million. The below demonstrates that Ethos Capital currently has resources to settle its obligations and current undrawn commitments if we assume the commitments are drawn all at once, subject to the fees / reserve provision.



Based on the above analysis, the Board is confident that the Company has the ability to fund its existing commitments to the Funds as they fall due.

OVERVIEW OF THE PORTFOLIO COMPANIES

Ethos Capital makes commitments into Funds or Co-Investments that are managed by Ethos, enabling it to invest alongside Ethos' institutional investors to provide its shareholders with unique access and exposure to a diversified portfolio of private equity-type investments. At 30 June 2020, Ethos Capital and its shareholders had an indirect exposure to 22 Portfolio Companies.

Any such indirect participation will generally form part of a much larger majority shareholding that Ethos will manage collectively on behalf of all its investors. Ethos typically aims to hold a controlling stake in the investments with significant representation on the Board of Directors of these Portfolio Companies.

The investments represent a number of industries and sectors and were acquired in different vintage years, providing exposure to different economic cycles.

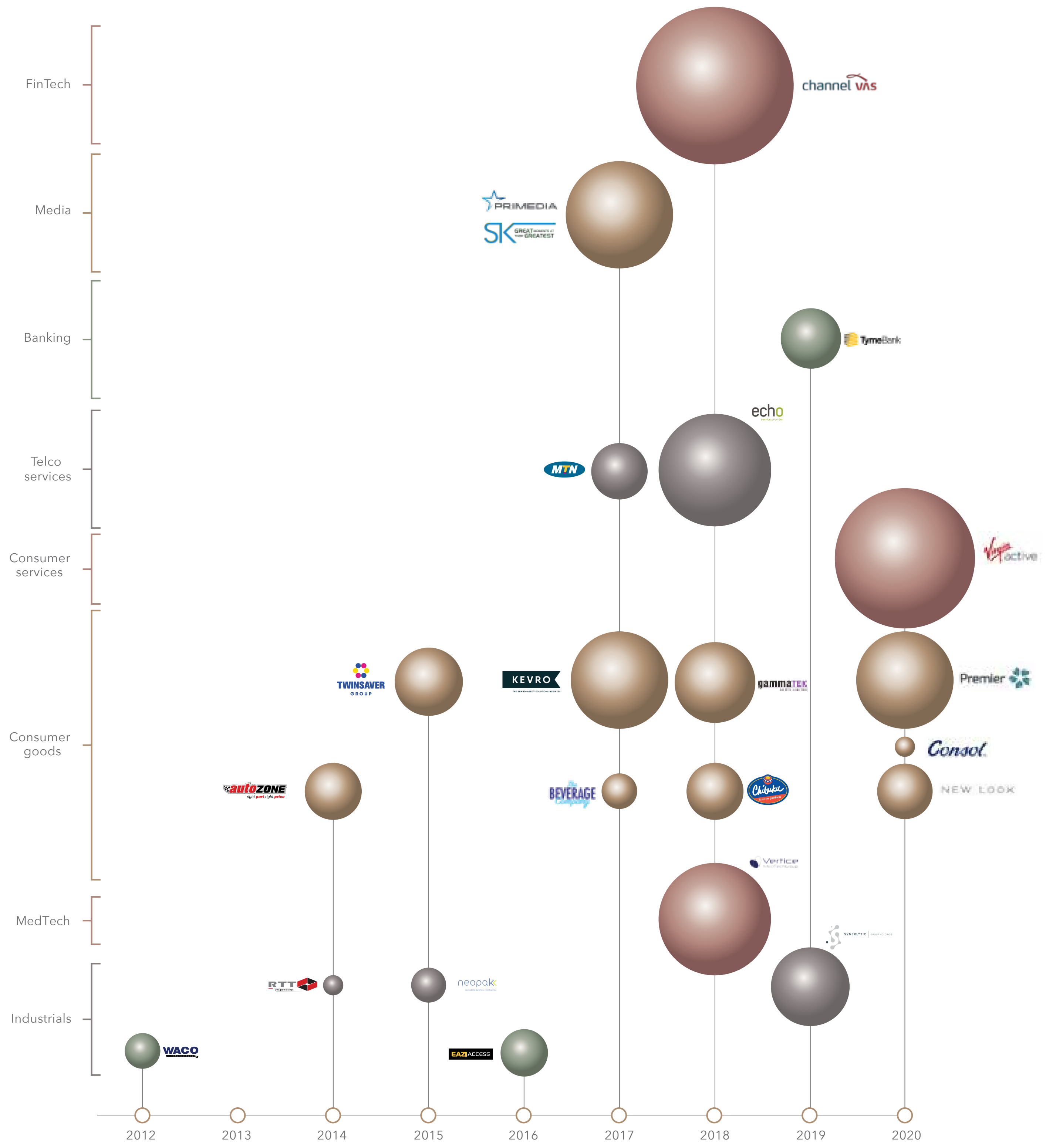
This section provides further details of the top 10 of these Portfolio Companies that contribute 90% of the total portfolio valuation.

COVID and Ethos

While the underlying performance of the Portfolio Companies was impacted by the challenging economic and political environment during and pre the 2019 calendar year, the COVID crisis has had a severe negative impact on performance. Ethos has engaged extensively with the management teams of the Portfolio Companies, assisting them initially with developing plans to ensure business continuity and resolve liquidity challenges; and then shifting focus to preparing to ramp up as lockdown containment measures were lifted.

The Manager has directed significant resources to supporting the Portfolio Companies and harnessed the Ethos network, facilitating learnings through Chief Executive Officer ("CEO") forums and enabling access to best practice guidelines on managing through the crisis.

These interventions helped to mitigate risk and limit the downside and most Portfolio Companies have experienced a gradual improvement in trading conditions as the lockdown restrictions continue to ease.



The size of the bubbles is representative of Ethos Capital's economic interest in the Portfolio Companies.

channel VAS

Business description

Channel VAS is a leading provider of Airtime Credit Services ("ACS") to prepaid mobile subscribers. The business is present in more than 25 countries across Africa, the Middle East, Asia and Latin America, with the majority of operations in sub-Saharan Africa ("SSA") (80% of revenue).

Channel VAS has a strong value proposition to mobile network operators ("MNOs") by providing risk-free airtime sales to MNOs, increasing ARPU and decreasing customer churn. The business uses sophisticated credit scoring algorithms that result in the lowest default rates in the industry (<1% versus industry average of c.4%).

The company also commenced the expansion into new lending product categories (specifically Micro Finance Services ("MFS")) by leveraging the credit scoring capabilities, and partnerships with MNOs and financial institutions.

Investment thesis

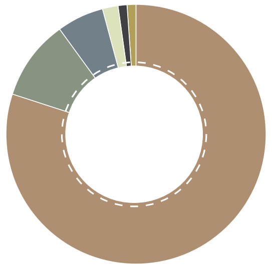
Channel VAS represents: a compelling value proposition and strong existing technology platform; a competitive advantage through market-leading, credit-scoring capabilities; a global footprint and ability to expand geographically on a relatively small, fixed asset base; and high cash generation.

Trading performance and COVID update

Channel VAS demonstrated very strong revenue and EBITDA growth (20% and 15% in USD respectively; 48% and 40% in ZAR respectively) across all territories and most customers. ACS advances grew by 19% year-on-year in US$ and two new meaningful deployments and customers added to the overall growth. A continued focus on cost control and enhanced credit scorecards resulting in improved default rates. COVID impacted the rollout of new deployments, specifically MFS, and local currency weakness (particularly in Nigeria and South Africa) impacted US$ based revenues.

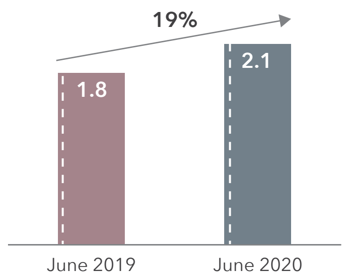
The outlook for the business remains strong however, the key risk remains devaluation of local currencies in the key countries it operates including Nigeria and South Africa. Despite the significant increase in EBITDA in ZAR, the valuation growth was moderated through an adjustment to maintainable EBITDA to reflect possible future currency devaluation. The devaluation has not occurred as yet and the company continues to look to ways to mitigate its foreign exchange exposure.

% REVENUE CONTRIBUTION BY REGION (FY19)

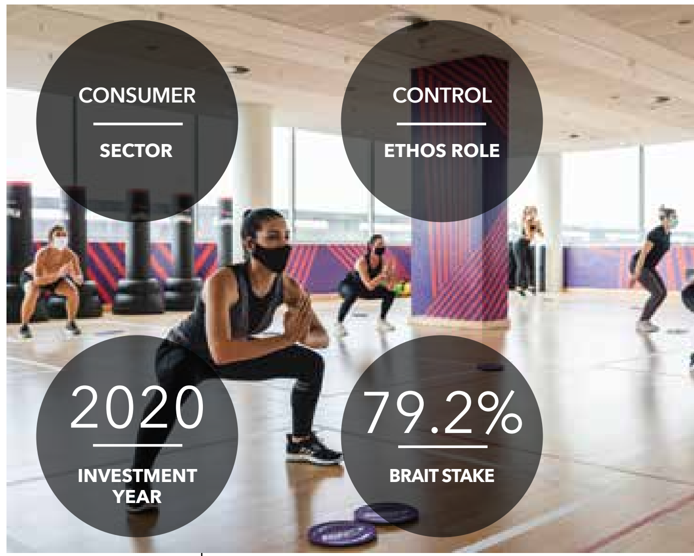


- 80% SSA
- 10% MIDDLE EAST
- 6% ASIA
- 2% NORTH AFRICA
- 1% EUROPE
- 1% SOUTH AMERICA

LTM GROWTH IN ADVANCES (US$'bn)



Virgin active



Business description

Virgin Active is one of the world's leading healthcare operators, with 1.1 million members across 2,431 clubs in Southern Africa, the UK, Italy and Asia Pacific ("APAC"). Virgin Active provides customers with a combination of a leading physical experience and a world-class digital offering across the globe.

Investment thesis

Pre-COVID, Virgin Active had a long history of high free cash flow conversion to support investment returns. The investment thesis includes enhanced yield from the existing club footprint and optimisation of the digital rollout to attract new customers.

Trading performance and COVID update

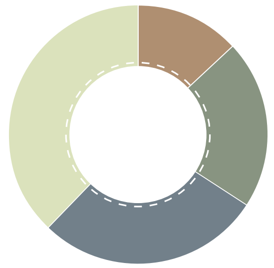
Virgin Active delivered a strong operational performance up to February 2020 with a 3% year-on-year increase in its membership base and EBITDA ahead of budget. However, the business was significantly impacted by COVID, with gym closures across its global footprint during lockdown and frozen membership fees. A broad range of mitigating actions were taken to preserve liquidity and reduce cash outflow during the closure period including rent deferrals/ reductions, government support, salary cuts and capital expenditure delays.

Virgin Active's UK / Europe and APAC business refinanced its debt facility and raised an additional £50m of liquidity (£25m from shareholders and £25m from the banking syndicate). Virgin Active South Africa was in a strong cash position pre-COVID and has taken steps to reduce costs to preserve cash to ensure adequate liquidity.

Clubs across Italy (May), APAC (June), UK (July) and South Africa (August) have reopened. Active and total memberships across Italy and APAC are above expectation based on their early opening and membership usage is increasing daily across UK and SA clubs which have opened more recently. While too early to provide guidance, increasing usage and membership trends are encouraging.

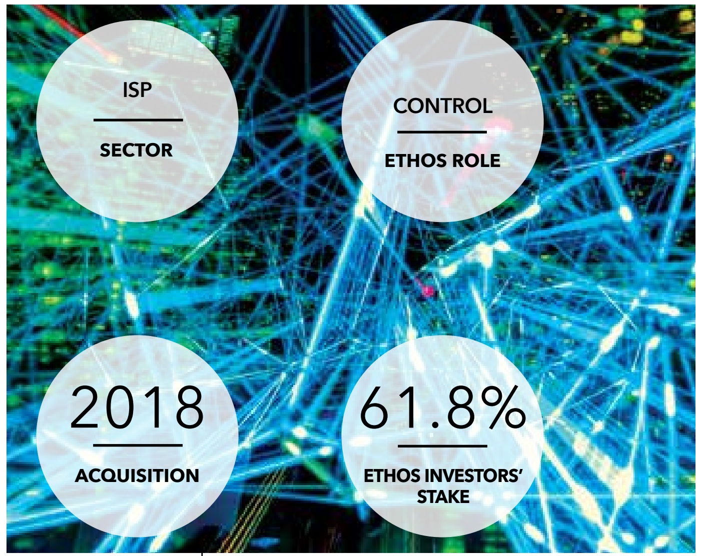
Valuation was significantly reduced as at 31 March 2020 reflecting the closure of its operations globally. Maintainable EBITDA was reduced by 23%, the EBITDA multiple reduced by c.20% and additional debt added to the March closing net debt to reflect accrued costs.

% REVENUE SPLIT BY GEOGRAPHY (DEC-19)



- 38% SOUTHERN AFRICA
- 28% UK
- 21% ITALY
- 13% ASIA PACIFIC

[1] *As at 31 December 2019*



Business description

Echo is a South African corporate internet service provider ("ISP"). The business was established ten years ago by the current management team. The company primarily services South African high-end small and medium-sized enterprise ("SME") and enterprise clients providing information and communications technology ("ICT") services through an aggregation of third-party networks. The company leverages over 60 partners through interconnect agreements to aggregate data connectivity, internet, virtual private networks, and security and cloud services.

Investment thesis

Echo is well positioned within the high-growth ICT market in SSA. Over the past few years, Echo has succeeded in creating a seamless network that is integrated in over 60 networks in SSA and which is highly scalable for future growth. The company is positioned to execute on the following upside opportunities:

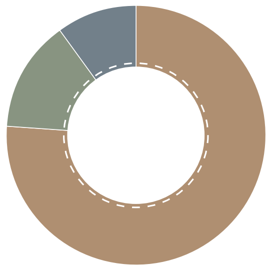
- Increasing its market share in mid-market corporate segment through an expansion of its sales force focused on this segment of the market;
- Driving cross selling of existing products beyond its core basic offering of network connectivity and internet services; supported by investing in the management team, the sales force and operational back office;
- Diversifying its product offering through new reseller arrangements or through acquisitions into select technologies; and
- In 2019, Echo acquired Gondwana one of the largest scaled independents with a significant African footprint which will enable the company to target multinational companies through a focused SSA expansion strategy into countries with more pervasive network infrastructures.

Trading performance and COVID update

The company continued to grow strongly during the past twelve months with new clients and additional contracts with existing clients driving increased sales revenue. Investment in the company's sales force resulted in South African third-party revenue growth of 20% and a near 40% increase in the sales pipeline. The business was classified as an essential service provider and hence continued trading under the COVID lockdown, however the lockdown did impact the sales teams' ability to drive new business, with new contract wins lower than budgeted. The benefit of operational leverage in the business has been seen with the company's growth in profitability.

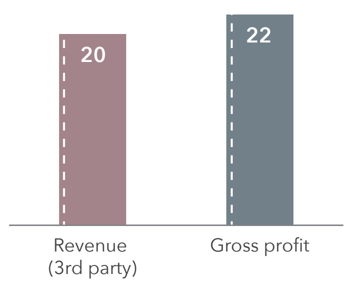
The completion of the Gondwana transaction with its footprint and client base across many SSA countries has enhanced the company's ability to provide a holistic, on the ground solution to many multinational or regional clients. The international businesses were able to navigate the challenges posed by the crisis however, in some countries, it has been necessary to right-size the operating cost base. The Echo International management team continues to focus on bedding down the financial processes, ensuring that there is a stable network in place from which to sell quality services and execute on its sales pipeline.

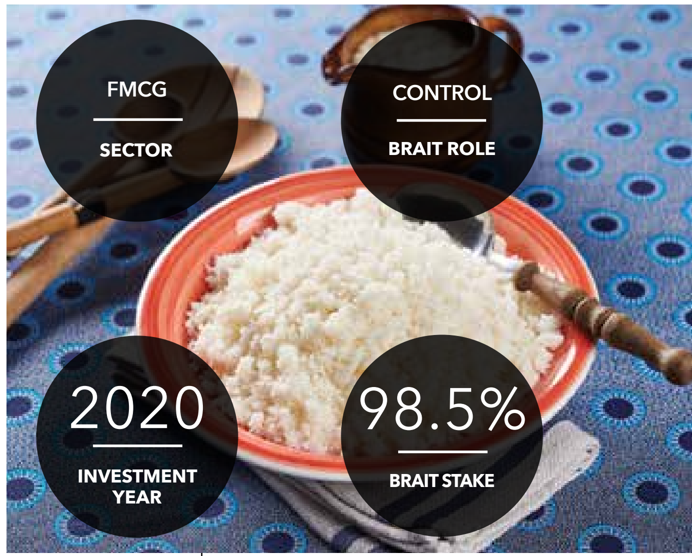
% REVENUE CONTRIBUTION BY DIVISION/PRODUCT (FY20)



76% CONNECTIVITY
14% INTERNET SERVICES
10% OTHER

YEAR-ON-YEAR GROWTH (%)





Business description

Premier is a leading South African FMCG manufacturer offering branded and private label solutions. The business has strong heritage brands in bread, maize meal, wheat flour, feminine hygiene and sugar confectionary operating through a wide footprint across South Africa, Eswatini, Lesotho and Mozambique with a Lil-lets sales office in the UK.

Investment thesis

Premier is a defensive business with strong cash generation and a proven and disciplined approach to investing in margin enhancing projects. The investment thesis is focused on the following initiatives:

- Continue to maximise operational efficiencies and cost savings in manufacturing and distribution footprint;
- Investments in capex into low-risk, strategic projects to drive growth in its core operations, targeting returns through operating efficiencies;
- Seek value enhancing acquisitions of consolidation opportunities to assist in entering new categories/geographies to drive operating leverage and synergies across the platform; and
- Focus on EBITDA growth and free cash flow generation to drive further deleveraging.

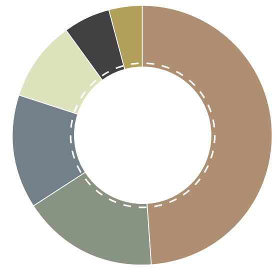
Trading performance and COVID update

Revenue grew 8% to R10.5 billion and EBITDA 4% to R1.0 billion for the financial year ended March 2020. Growth in H2 FY20 significantly outperformed the first half driven by operating efficiencies, market share gains and improved top-line performance. The successful turnaround of the Mozambique business and a recovery from the strike in Cape Town the prior year also contributed to the strong growth.

As an essential service provider, Premier operated throughout the COVID lockdown, with strong demand for the product range tempered by increased costs that were driven by additional staff costs, health and safety requirements, and supply chain optimisation. The lockdown has resulted in delays to the commissioning of the sanitary pads line at Premier's care manufacturing facility and to the start of the construction of a new bakery in Pretoria.

The strong performance has continued in FY21 with revenue growth in Q1 FY21 of 12% with the benefit of operating leverage and operational efficiencies driving a 20% increase in EBITDA.

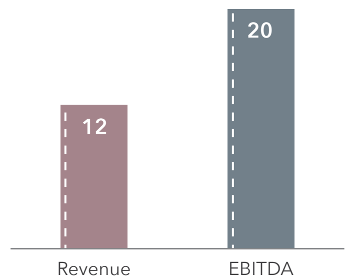
% REVENUE BREAKDOWN BY TYPE (FY20)



49% BREAD
17% WHEAT
14% MAIZE
10% CIM MOZAMBIQUE
6% HOME & PERSONAL CARE*
4% OTHER GROCERIES**

* *Includes Lil-lets and Dove.*
** *Includes sugar-based confectionary and beverages.*

Q1 FY 21 GROWTH (%)



Business description

The Vertice MedTech Group was established by Fund VI in May 2018 to make the initial acquisition of the Amayeza Group as part of a buy-and-build strategy. Amayeza was established in 1998 and markets and distributes medical devices, products and instrumentation across 11 medical specialisations including cardiology, spine and neurology. This business is renowned for its ability to deliver specialist, quality, state-of-the-art medical technology and skills transfer. Since Ethos' initial acquisition, a further five business acquisitions have been completed significantly increasing the products and specialisations it offers its clients.

Investment thesis

The South African healthcare industry continues to grow and medical devices have proven to be a defensive and attractive segment within the sector where Vertice's underlying products and services are strongly differentiated. The business has a network of uniquely skilled employees holding long-term relationships with key customers, and provides an attractive proposition to key multinational suppliers.

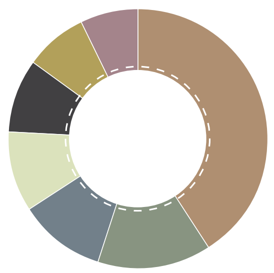
The thesis is to enhance the platform and to build group capacity to grow the business organically and through mergers and acquisitions as the strategy is to scale the business to benefit from cross selling opportunities and operational scale and leverage. Through the Ai Fund, Vertice is in a strong position to source technologies internationally and use its established distribution network and relationships to build business models locally around Ai.

Trading performance and COVID update

Vertice grew strongly over the past year with revenues up 73% and EBITDA increasing 86%. This was a result of both strong organic growth but also three new bolt-on acquisitions which enabled the company to grow its market share across most of its divisions. The five additional acquisitions since inception have provided scale and diversification across new products and specialisations which have added significantly to the value of the company.

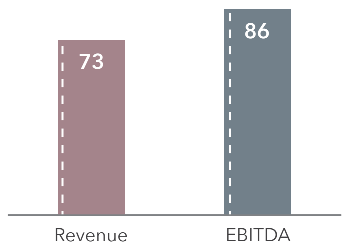
The COVID crisis impacted the short-term performance of the business as elective surgery declined materially. However, a number of other products benefited from the impact of the crisis. It is likely that elective cases will increase significantly post lockdown although in the long-term, the impact of the pandemic may result in a slight reduction in market size and growth rates given its impact on employment levels and the proportion of the population that remains medically insured.

% REVENUE CONTRIBUTION BY PRODUCT (JUNE 20)



- 41% CARDIOLOGY
- 14% ORTHOPAEDIC
- 11% SURGERY
- 10% GENERAL CONSUMABLES
- 9% DIAGNOSTICS
- 8% BLOOD PRODUCTS
- 7% SPINE

LTM ANNUAL GROWTH (%)



Business description

Kevro is one of the largest value-add suppliers of corporate-branded clothing and promotional products in South Africa. It offers the most comprehensive range of clothing in its market, using "blank" clothing products sourced mainly from Asia, onto which branding is added to create bespoke items.

The company operates as a "trade-only" supplier to c.10,000 resellers from various locations in South Africa, and some branches in Africa.

Investment thesis

Kevro has invested significantly to build a market-leading operational platform that enables it to serve a wide customer base. Kevro has expanded its offering to include new product categories, has recently signed an exclusive partnership agreement with the leading European promotional manufacturer and is focused on expanding its routes to market.

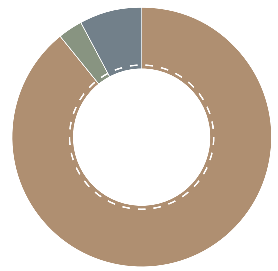
Trading performance and COVID update

COVID-impacted market conditions were exacerbated by internal disruptions in the company during the first half of 2020. In January 2020, the company introduced a new enterprise resource planning ("ERP") platform and migrated to a new, purpose-built facility in Westlake, Johannesburg (designed to reduce lead times and reduce operating expenditure). The combination of distribution centre transition issues and an ineffective IT system implementation had a significant impact on the company's performance in H1 2020. COVID also negatively impacted on procurement and demand patterns and compounded Kevro's profitability and cash generation challenges.

The company has made significant progress in resolving its internal issues and stabilising the business. The systems and the warehouse issues have been resolved which have enabled the business to fulfill client requirements and position the business for operational efficiency and growth. Despite the internal issues and delays, the new warehouse, ERP and warehouse management systems are now best in class and present Kevro with a competitive platform from which to grow the business.

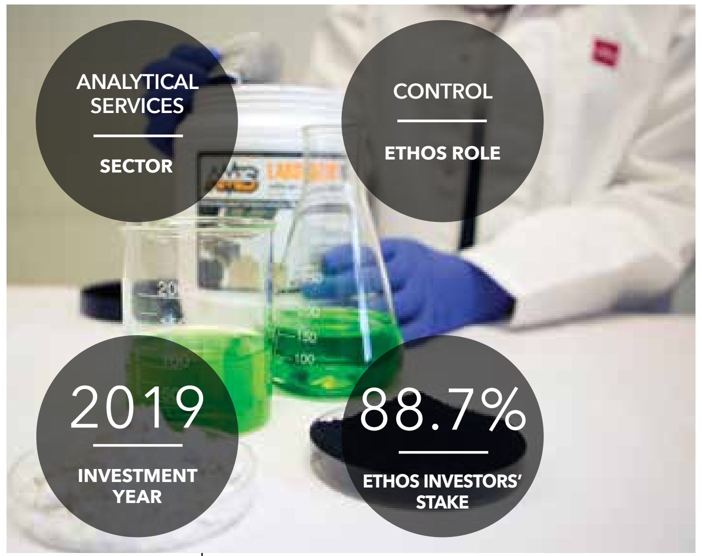
An increase in net debt (due to the spend on the IT project) and the internal issues above resulted in an 11% reduction in maintainable EBITDA and a lower EV/EBITDA multiple which resulted in a significant decrease in the company's valuation.

% REVENUE CONTRIBUTION BY GEOGRAPHY (JULY 20 LTM)



- 89% SOUTH AFRICA
- 3% NAMIBIA
- 8% REST OF AFRICA

SYNERLYTIC GROUP HOLDINGS



Business description

The Synerlytic group of companies operates in the testing, inspection and certification ("TIC") market. The group has operations that span across Africa and select non-African geographies.

WearCheck is one of the leading condition monitoring specialists on the African continent and specialises in fluid analysis (oils, fuel, coolants, etc.) and on-site reliability solutions (such as vibration monitoring and infrared scanning).

AMIS is an international manufacturer and supplier of a wide range of matrix- matched certified reference materials ("CRMs") to mining laboratories throughout Africa, North America, South America, Asia and Europe with c.60% of sales being exports outside of South Africa.

Set Point Laboratories ("SPL") Division is an ISO 17025 accredited analytical chemistry and microbiology laboratory.

Investment thesis

Synerlytic provides services that are imperative to prevent downtime on critical machinery and to ensure quality assurance and control measures are met. The business model is scalable with global applicability across multiple markets.

The company has a number of acquisition-led and organic growth initiatives that will add complementary products and services and mitigate the risk of technology disruption and provide revenue diversification.

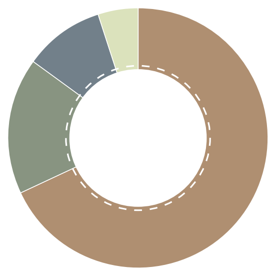
Trading performance and COVID update

COVID had an impact on the business as many of its customers were forced to close during lockdown. However, the operating performance was relatively robust and with the cost savings achieved, the normalised operational EBITDA for the Group was up year-on-year. The WearCheck division benefited from the outperformance of the Anglo Field Services ("AFS") business which it acquired during the year that delivered strong revenue growth, efficient utilisation of its technical staff and benefited from cross selling.

The SPL division continues to implement the strategy to shift the business from minerals testing to water, food, environment and aqueous testing. The business has recently obtained its SANAS accreditation and this should unlock a number of new opportunities. AMIS performance was in line with the previous year despite the business interruption during COVID. The company continues to assess a number of in-fill acquisitions to leverage its existing operational platform.

With maintainable EBITDA up 5% on prior year, the company's valuation increased slightly during the last twelve months.

% REVENUE CONTRIBUTION BY DIVISION (FY20 FORECAST)



- 68% WEARCHECK
- 17% AFS
- 10% AMIS
- 5% SPL

PRIMEDIA

Business description

Founded in 1994, Primedia is a leading media and advertising company in South Africa, with a footprint in the rest of Africa. The business comprises two divisions:

- **Broadcasting:** Owns and operates South Africa's most popular premium music (947 and KFM) and talk (702 and CapeTalk) radio stations as well as EWN, a highly respected independent news brand.
- **Out-of-Home:** Operations include outdoor billboards in-store advertising offerings and mall advertising and large format outdoor advertising with operations in 11 countries across Africa.

Investment thesis

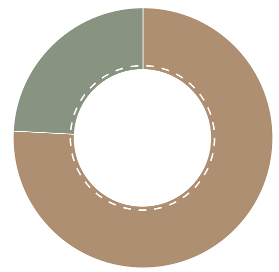
Primedia is the market leader in the broadcasting industry with significant barriers to entry and robust EBITDA margins and a history of strong free cash flow generation. The strategy to accelerate growth will be achieved through driving radio listenership through improved programming and enhanced sales force effectiveness, plus increasing investment in Out-of-Home, in order to drive the penetration of higher-margin digital billboards. The company has embarked on a program to enhance operational efficiency and to drive innovation and digitalisation in the business.

Trading performance and COVID update

COVID has had a very significant impact globally on advertising across most types of media. Like other global radio and outdoor businesses, lower advertising-spend (40% reduction in radio and 50% in outdoor in SA during Q2 2020) has had a significant impact on Primedia's revenue and earnings. While the operating performance has improved recently since lockdown restrictions eased, Primedia has conducted a significant cost reduction exercise to recalibrate its cost base for the likely long recovery in advertising spend.

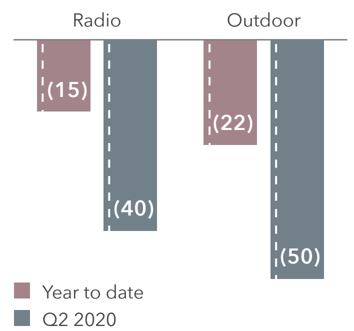
The business remained cashflow positive despite the significant impact that COVID has had on the business. However, maintainable EBITDA decreased by 21% and the EV / EBITDA multiple decreased by 15% resulting in a significant reduction in the company's valuation.

% EBITDA CONTRIBUTION BY DIVISION (FY20)



- 76% BROADCASTING
- 24% OUT-OF-HOME

CHANGE IN ADVERTISING SPEND (%)



gammaTEK
PTY LIMITED

Business description

Gammatek imports and distributes mobile device accessories and low technology consumer products primarily in South Africa through a blue-chip customer base as well as independents.

Gammatek has exclusive distribution agreements with leading global brands such as Speck and UAG as well as a globally unique manufacturing licence with Bodyglove. The company has also successfully developed and launched its own brands (Snug and Looped) for charging devices.

Investment thesis

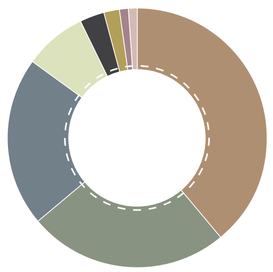
Gammatek has developed a unique, market leading position in tits space with the opportunity to drive growth through:

- continued growth of smart mobile devices in its core market, underpinned by increasing penetration and the two-year replacement cycle driven by the mobile network operators and built in redundancies in mobile technology;
- diversification into mid-tier smart mobile devices; and
- expansion into select markets in the rest of Africa.

Trading performance and COVID update

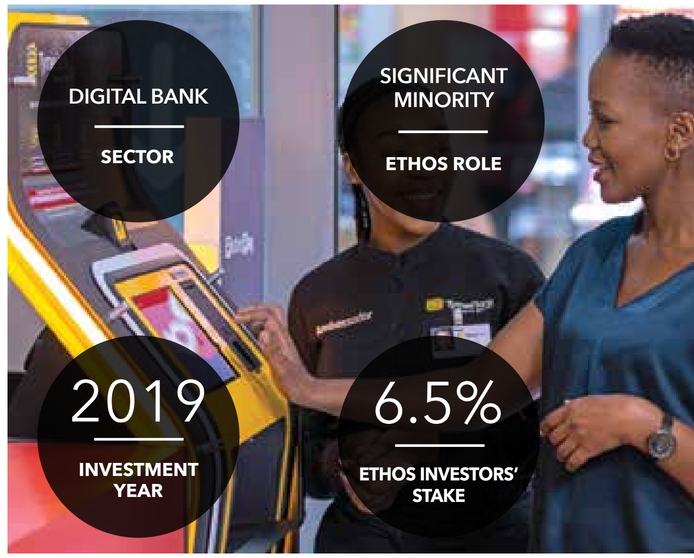
Despite restrictions in trading due to COVID, the management team has been agile and innovative in driving new areas of growth which has mitigated the impact of COVID. Gammatek has been able to secure access to new channels and (re)engaging new customers. These growth initiatives will contribute to revenues in the next twelve months and the business remains highly cash generative.

% REVENUE CONTRIBUTION BY PRODUCT (FY20)



- 39% PHONE CASE
- 25% SCREEN PROTECTOR
- 21% CHARGING
- 8% COLLECTABLE
- 3% AUDIO
- 2% OTHER
- 1% LUGGAGE
- 1% BUNDLE

TymeBank



Business description

TymeBank, launched in February 2019, is a fully licensed hybrid digital bank, aiming to build a suite of products servicing emerging middle-class customers.

TymeBank uses revolutionary kiosks in Pick n Pay and Boxer outlets to issue and service accounts, supported by point of sale terminals for deposits and withdrawals. The outlets' store footprint provides the bank with a proxy branch network at a much lower cost than bricks and mortar infrastructure.

The bank has access to Pick n Pay's customer data, enabling it to do data-driven customer acquisition, pricing, risk rating, retention management and product development. The kiosks conduct know-your-clients ("KYC") checks and issue a debit card in five minutes without human intervention and customers are able to deposit and withdraw cash from any ATM or Pick n Pay point of sale terminals.

Investment thesis

The banking sector in South Africa is highly profitable, with South African banks having high ROEs compared to other markets. Banking remains expensive and the middle market is underserved and underbanked. A digital low-cost bank with a low cost-to-serve is able to compete by providing banking access at a lower cost point. The deal TymeBank has with Pick n Pay and Boxer is unique and powerful – providing it with a branch footprint at a significantly lower cost than establishing its own infrastructure. Combined with the innovative kiosk technology, the bank has the potential to operate at a cost and service level that will be hard for the incumbents to match.

TymeBank received the first full banking licence in 14 years in South Africa, largely on account of being 100% owned by Commonwealth Bank of Australia ("CBA"), one of the largest banks in the world. CBA restructured and curtailed its emerging market strategy, when the bank sold TymeBank to African Rainbow Capital. Significant capital has been invested in systems in the Tyme Group of companies, and the technology risk has largely been mitigated already. The high level of initial sign-ups of new accounts (in excess of 600,000 after launching in November 2018) is a testament to the power of the Pick n Pay platform and demand from consumers. The strategy for the business is to convert the accounts firstly into transacting accounts, and then later into primary accounts with a deposit base.

The product set being developed by the bank includes innovative new lending products relying on behavioural finance, artificial intelligence, and an ethical approach to inclusive and accessible banking.

Trading performance and COVID update

The bank has proven adept at customer acquisition: having acquired 2 million customers to July 2020, it achieved post-COVID acquisition rates of more than 100,000 a month and signed strategic partnerships with the likes of the Zion Christian Church for the benefit of its members.

The key for TymeBank is to convert customers to primary accountholders, which is defined as when customers actively use the account and ideally have their salaries deposited into their accounts. The bank has made significant progress since in accelerating account usage, with 1 million active users every month and over R1.3 billion being held in deposits as at July 2020 (growing at more than 10% per month for the last six months).

The COVID crisis has impacted the business in a number of ways: transaction volumes remained at pre-COVID levels but credit extension slowed and the business is reformulating its strategy to be less reliant on unsecured lending. The management continues to optimise the operating cost base, diversify revenue streams and reduce reliance on unsecured personal loans.

INVESTMENT GUIDELINES AND STRATEGY

Objective

Ethos Capital's objective is to develop a diversified portfolio of investments that will provide its shareholders with superior long-term returns by leveraging Ethos' active management model to maximise investor returns.

The Ethos Capital investment proposition is based on:

1 | Unique access point:

The Company offers a unique opportunity to invest in and co-invest alongside Ethos Funds through a liquid and efficient vehicle listed on the JSE and governed by an independent Board of non-executive Directors with deep private equity experience.

2 | Demonstrated performance:

Ethos is the largest private equity firm in sub-Saharan Africa ("SSA"), with an established track record of investment returns delivering a gross realised internal rate of return ("IRR") of 36% over more than 30 years.

3 | Diversification:

Ethos Capital provides public market investors with a liquid vehicle to indirectly access a diversified pool of unlisted small to mid-sized companies through equity or equity-like instruments, which will be actively sourced by Ethos to optimise investor returns.

4 | Alignment of interests:

Strong economic alignment exists between Ethos – the Investment Advisor – and Ethos Capital, as a result of significant investments by Ethos in Ethos Capital's A Ordinary Shares and in the Ethos Funds.

5 | Experienced private equity non-executive Directors:

The Board has an extensive understanding of and a significant track record in the private equity industry in order to make optimal investment decisions for Ethos Capital.

6 | Structural efficiency:

Ethos Capital conducts its business operations from Mauritius due to the business-friendly environment; the spread of tax treaties Mauritius has with many of the jurisdictions Ethos Capital invests in; and the acceptance among global investors of Mauritius as an investment jurisdiction. This, combined with Ethos' fee structure (designed to ensure there are no "fees on fees") gives structural efficiency and fiscal transparency to Ethos Capital.

7 | Liquidity management:

Ethos Capital actively manages liquidity in the best interests of its shareholders. As part of its liquidity strategy, the Board is committed to enhancing the NAV per A Ordinary Share. As part of this strategy, the Board may utilise share repurchases to enhance shareholder value.

Strategy

Ethos Capital's investment objective will be achieved through the following strategies which are the primary lines of business of Ethos Capital:

1 | Primary Investments:

Commitments to various Ethos Funds during their respective fundraising processes.

2 | Secondary Investments:

Acquisitions of existing Limited Partner interests in established Ethos Funds.

3 | Direct/Co-Investments:

Direct acquisitions of interests in underlying Portfolio Companies alongside Ethos Funds to the extent that the Ethos Funds require co-investors in the underlying Portfolio Companies.

4 | Temporary Investments:

Temporary Investments in a portfolio of low-risk, liquid debt instruments (including, *inter alia*, South African government bonds, NCDs and other similar, low-risk, liquid instruments) for cash management purposes, as appropriate.

Sectors

Ethos Capital's investments will provide exposure to a broad range of sectors, allowing it to gain access to growth and businesses at an early stage of maturity in which management teams remain equity-incentivised.

No investment is allowed in any start-up business or where a prospective investment's business activities or operations involve:

- a prohibited activity, as defined in the investment guidelines;
- the development of raw land; or
- the exploration or development of oil and gas and/ or natural resources.

Geographies

Ethos Capital's primary focus for its investments will be companies headquartered in South Africa and other selected countries in SSA. Ethos Capital may also invest in new Fund strategies, the exposure to which will be governed and considered by the Ethos Capital Board.

Growth in invested NAV

Ethos Capital's objective is to maximise growth in invested NAV and NAVPS.

Relationship with Investment Advisor

The JSE has granted a dispensation to the effect that transactions (constituting less than 10% of the Company's market capitalisation and subject to some restrictions) entered into by the Company in the ordinary course of business involving Ethos, Ethos Funds and their respective associates, will not be regarded as related-party transactions for the purposes of the Listings Requirements. Shareholder approval will therefore not be required for such non-related-party transactions.

Communication of transactions

All transactions concluded in accordance with the Investment Strategy will be regarded as being in the ordinary course of business, unless circumstances dictate otherwise.

Subject to the applicable laws and regulations, communication with institutional shareholders and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any information considered material to investors and shareholders.

With respect to all related-party transactions, communication with shareholders will be made in accordance with the Listings Requirements, as applicable.

Approval of Investment Strategy

The Investment Strategy was approved by shareholders on 11 July 2016 in compliance with section 15 of the Listings Requirements and by the Board on 11 July 2016. Any future material changes to (i) the Investment Strategy, must be approved by shareholders by way of ordinary resolution, and (ii) the Investment Guidelines, must be approved by the Board and the JSE, to the extent required.

The Company's complete Investment Strategy and Guidelines can be found at:
https://ethoscapital.mu/what-we-do/investment-strategy/

INVESTMENT ADVISOR

Investment services agreement

Ethos Capital has an investment services agreement detailing the terms by which Ethos – as its Investment Advisor – will provide investment advice, including sourcing of investments, administration and back office services to Ethos Capital.

Duration and termination

The investment services agreement became effective on the listing date, 5 August 2016. It can be terminated by Ethos Capital or Ethos by written notice given to the other party at any time after the date on which Ethos Capital no longer holds any Direct, Primary or Secondary Investments.

Fees

As payment for the above services, Ethos receives an investment services fee, management fee and administration fee, all calculated and paid quarterly in arrears.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to Direct Investments, unless other terms or exemptions are agreed between Ethos and Ethos Capital. The management fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to the Primary Investments within each Fund in which Ethos Capital invests.

In respect of any Secondary Investments acquired, the management fee payable will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund according to the partnership agreement governing that partnership.

Ethos receives an administration fee of 0.25%, based on the average balance of the Temporary Investments, for providing administrative and back office services. The administration fee paid to Ethos is reduced by any fees payable to the manager of the Temporary Investments.

Performance participation

In addition to the above fees, Ethos is entitled to a performance-based participation if certain returns are achieved. The participation is to be settled through the release of encumbered shares and subsequent to that, the payment of a cash dividend. The annual performance participation is based on 20% of the growth in NAV of invested assets (excluding Secondary Investments and where agreed between Ethos and Ethos Capital, certain Direct Investments might also be excluded) and is triggered each year if the NAV growth exceeds a preferred hurdle of 10%. The performance is also measured over a cumulative three- year measurement period to ensure the average NAV growth over the period exceeds the preferred hurdle. To the extent that the aggregate of the three annual participations is more or less than the three-year average calculation, an adjustment to or provision for the performance participation will be made in the final year of the measurement period and adjusted in subsequent periods if necessary. Similarly to fees, any performance-related payments in respect of Secondary Investments are charged by and payable to the manager of such Fund according to the relevant partnership agreement.

Investment experience

The experience of the Investment Advisor is set out in the Investment Advisor's Report on page 45 of the Integrated Annual Report.

INVESTMENT ADVISOR'S REPORT

Introduction to Ethos

An alternative advantage

Ethos embraces a bold and encompassing purpose to grow Africa's economy ethically, by being a differentiated and scaled alternative asset manager that unlocks latent investment potential through the synergistic application of capital and insight.

Founded in 1984, the Firm manages investments in private equity and credit strategies in South Africa and the rest of SSA. With assets under management of c.R23 billion, Ethos targets control buyouts and selected expansion capital investments in companies with strong growth potential.

Ethos manages investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development financial institutions, insurance companies and Ethos Capital. Investors are based in South Africa, Europe, North America and Asia.

The Firm has an unparalleled 36-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 110 transactions, delivering 97 realised investments at a 36.2% gross IRR and a 2.7x multiple of cost.

In January 2018, Ethos opened an office in Nairobi, Kenya. This pivotal milestone demonstrates the Firm's commitment to sustainable investing in the rest of Africa and reinforces our partnership approach founded on local expertise and global insights.

THE FIRM HAS AN UNPARALLELED 36-YEAR RECORD OF SUCCESSFUL, SUSTAINABLE INVESTING ACROSS ECONOMIC AND POLITICAL CYCLES.

- **R22 billion** — Capital raised since inception in 1984
- **10** — Funds invested to date
- **110** — Large Equity Fund transactions completed since inception
- **97** — Successful exits
- **66** — Employees
- **50** — Limited partners invested in current Ethos Funds
- **36.2%** — Gross IRR-realised investments
- **2.7x** — Multiple of cost

Investment strategy

Over its 36-year history, Ethos has developed and refined a unique set of competencies with the goal of consistently generating superior investment returns. The result is a time-proven approach, tailored to investing within the sub-Saharan African market that is embedded within Ethos' philosophy and is key to driving sustainable returns.

The team achieves this ambition through ethical leadership, representing integrity, authenticity, respect, care, and a unity of vision. This leadership approach is underpinned by the strength of the Firm's diversity.

This approach is borne out of a deep-rooted belief that, through the application of ethical leadership, strategy, execution, partnership and capital, Ethos can enable businesses and the people who work in them to unlock their full potential. With growth as the central principle of Ethos' investing approach, the Firm actively seeks opportunities to connect the best capital solutions with the best business ideas. By partnering differentiated, in-house Value Add capabilities with executive management teams, Ethos aims to execute this growth strategy within an accelerated time frame.

Investment approach

Control, lead investor: Strong preference for control in buyout situations or significant influence and lead role in expansion capital investments

Focus on growth across portfolio: Investments in companies and industries benefiting from emerging market and strategic growth dynamics

Market-leading, small- to mid-sized companies: Investment in companies with clear competitive advantages and critical mass to sustain the business through economic cycles

Strong management teams: Managers with the experience, ability and drive to grow the business and assist Ethos in the implementation of its investment thesis

Disciplined portfolio construction

Theme-led approach: Continual evaluation of prevailing economic drivers to target a portfolio of differentiated companies with strong prospects underpinned by attractive medium-term market dynamics

Driving investment performance: The execution advantage

Differentiated sourcing and execution: Proactively targeted opportunities where Ethos believes it has generated an advantage, leveraging its networks and reputation as a trusted investment partner

Proven broad-based black economic empowerment ("B-BBEE") capability: Proven ability to introduce black ownership in South African deals to execute transactions and enhance operational performance

Significant active involvement: Engagement in the value creation process post investment through the disciplined deployment of its Value Add capability

Successful exit planning: Deep networks for generating local and international buyers to drive exit activity and a long history of successful divestment

Investment offering (products)

Ethos manages investments in private equity and mezzanine funds.

Large equity

EF VI and VII focus on larger private equity transactions of between R350 million and R900 million per investment, targeting companies with enterprise values ("EVs") of between R1.5 billion and R7.0 billion. The Funds invest in companies with market-leading positions, an identifiable competitive advantage, strong cash flows and significant growth potential.

In the execution of this strategy, the Firm seeks to leverage its understanding of the South African and other sub-Saharan African markets to target companies that are well positioned to benefit from the region's unique growth prospects. As an active investor, Ethos capitalises on its proven experience of owning businesses across a variety of investment, economic and political cycles to maximise value post investment and generate superior returns.

EF VI has 10 live Portfolio Companies: Autozone, The Beverage Company, Eazi Access, Neopak, Primedia, Ster Kinekor, RTT, Twinsaver, Vertice MedTech and Waco.

EF VII has three investments: Channel VAS, Echo and Brait, which consists of a portfolio of large companies including Virgin Active, Premier and New Look.

Mid market

EMMF I held a successful final close of R2.5 billion in 2018. The Fund seeks to make investments predominantly in mid-market leveraged buyouts and for growth, targeting transactions between R100 million and R350 million and with an EV of between R0.5 billion and R1.5 billion.

This Fund is actively seeking investments in entrepreneurial businesses, corporate spin-offs, and optimisation opportunities where it can accelerate growth. Together with management teams, EMMF I develops and enables strategic objectives, provides a third-party perspective on performance and implements high standards of governance and financial reporting.

The EMMF I is a black private equity fund as defined by the BEE codes and is therefore able to confer strong empowerment credentials to the underlying Portfolio Companies.

R1.8 billion IPO
Investor into
Ethos-managed Funds

Ethos acquires
Mezzanine Partners

STRATEGIC
INVESTORS
30% investment into
Ethos' alternative-asset
management vision

ETHOS KENYA
Nairobi office opens

1984
FNB INVESTMENTS
R301 million
Ethos completes first buyout as a division of FNB

1992
ETHOS FUND II
R116 million
First non-captive private equity fund in South Africa

1996
ETHOS FUND III
R762 million
First international private equity fund in South Africa

1998
ETHOS FUND IV
R2.2 billion
Ethos becomes independent, with FirstRand Group retaining a minority stake

2006
ETHOS FUND V
R5.0 billion
Largest private equity fund in Africa at that time

2012
ETHOS FUND VI
R6.5 billion
Fully invested; value creation phase

2018
ETHOS MID MARKET FUND I
R2.5 billion
Investing and value creation phase

2019
ETHOS MEZZANINE PARTNERS 3
TARGET R1.8 billion
Investing phase

2020
ETHOS FUND VII
R2.1 billion
Value creation phase

ETHOS AI FUND I
R750 million TO TARGET R1 billion

Ethos believes that this combination of significant empowerment credentials and strong execution capabilities gives the Fund a distinct competitive advantage.

EMMF I is currently 60% deployed, with investments in Autozone, Echo, Eazi Access, Kevro, MTN Zakhele Futhi, Twinsaver, Gammatek and Synerlytic.

Mezzanine

EMP 3, a closed-end mezzanine debt fund, provides mezzanine and quasi-equity growth or acquisition financing solutions to companies in Southern and East Africa.

It invests in a broad spectrum of mezzanine financial instruments, each one tailored to meet the needs of a specific transaction or borrower. These instruments will include *inter alia* second lien loans, convertible loans, payment-in-kind notes and preference shares.

This Fund provides intermediate capital to market-leading companies with a sustainable competitive advantage and/or critical success factors, and a proven track record of delivering predictable/non-cyclical free cash flow to service debt.

EMP 3 held a final close in December 2019 with commitments of US$123 million.

The Fund has concluded two investments so far, Chibuku Products, a Malawian traditional beer brewer and Blue Bird, the Ethiopia-based holding company of Health Care Foods Manufacturers, Gullele Soap Factory and ZAK Manufacturing and Trading.

Artificial Intelligence

Ethos' inaugural Ai Fund ("EAiF I") was launched in 2018. The Fund's strategy is to make investments in companies in SSA where algorithmic decision making can be deployed in multiple places in the value chain which impact the value of the business. It includes targeting growth equity in established companies, mostly alongside other Ethos-managed Funds, as well as earlier stage businesses.

The Fund has raised R715 million towards a target of R750 million to R1 billion and has made three investments to date: Channel VAS, TymeBank and Vertice MedTech.

Key strengths

Ethos' long-term success has been a result of institutionalising a set of core competencies, developed over decades, which underpin its investment approach. Through pioneering thought leadership, creativity and innovation, Ethos has developed a long track record of sustainable, superior returns for investors.

The key strengths of Ethos' value proposition include:

- a commitment to, and alignment with, its investors;
- a highly experienced and stable team that is committed to transformation;
- unparalleled deal origination and execution capabilities;
- a reputation for credibility and integrity;
- a consistent and disciplined investment process;
- local presence, commitment to, and focus on sub-Saharan Africa;
- an active management approach to driving value creation; and
- a multi-product offering, diverse sources of capital and strong governance platform.

People

Ethos employs 71 people, including 19 partners, making it the largest private equity firm on the ground in sub-Saharan Africa. The team is Ethos' single greatest asset. It is the strength of this team that sets the Firm apart:

- Exceptional, multi-disciplinary expertise across the value chain (transactional, operational and analytical) exists in all levels of the team.
- Emphasis on professional development ensures ongoing organisational evolution to maintain market leadership.
- Team-based value system enables efficient processing of complex projects.

The Ethos investment team is supported by committed, professional support staff, dedicated to providing "best- in-class" finance, marketing and public relations, administration, compliance, operations and talent management.

Culture

Ethos embodies a high-performance team culture. It is committed to recruiting and developing talent and is steadfast in its dedication to optimising opportunities to all. Diversity in all its facets is embraced.

A key tenet of the Firm's culture is to relentlessly strive to continue the philosophy of transformation within black empowerment, both at the Firm, and at the Funds' underlying Portfolio Companies.

Above all, Ethos' culture expresses the core leadership values of purpose, execution, stewardship and vision.

Transformation

Ethos is committed to supporting economic growth, meaningful B-BBEE in South Africa and the eradication of poverty and inequality.

The Firm believes this not only supports the South African economy, the government's economic development policies and their broader stakeholders, but makes sound business sense, resulting in improved returns to our investors.

Likewise, Ethos embraces the promotion and implementation of "best practice" methods in terms of B-BBEE and firmly believes that an effective transformation policy encourages social development and enhances economic value.

Consequently, the Group strives to implement strategies that embrace the requirements and "spirit" of B-BBEE, namely employing members of the designated groups and incorporating training and development initiatives – specifically the implementation of learnerships and bursaries for black employees. Ethos has 71 members of staff, of whom 45% are African, Indian or Coloured and 55% are White. Furthermore, 54% of staff members are female.

Ethos is currently rated as a Level 3 contributor under the B-BBEE Codes.

Social impact

While Ethos' primary objective is to maximise stakeholder value by generating superior returns, the Firm unequivocally recognises its role in the broader South African community. As such, Ethos is committed to supporting initiatives at the forefront of education and the upliftment and empowerment of disadvantaged people. Ethos' Social Impact Programme is reviewed and evaluated on an annual basis to ensure our initiatives, time and financial contributions are best aligned with its stated purpose and strategic ambition. Ethos is committed to supporting initiatives at the forefront of education and welfare for the upliftment and empowerment of disadvantaged people. Approximately 70% of the Firm's corporate social investment spend focuses on education-based initiatives.

Sustainability/ESG

As custodians of policyholder, pensioner and shareholder capital, and forerunners in our field, Ethos must set an example of responsible investment best practice and uphold ethical leadership.

By living this philosophy, Ethos positions its Environmental, Social and Governance ("ESG") co-creation, implementation ambition and sets an example for others to follow. Moreover, the team holds the view that we have a responsibility to address societal and environmental issues – beyond legal requirements – through our activities.

Importantly, Ethos believes that the private equity model is perfectly aligned with this philosophy, especially in emerging markets where fund managers tend to focus on investing in growth strategies. This investment approach, correctly applied, enables the parallel achievement of commercial gains while addressing societal and environmental concerns.

GOVERNANCE

CORPORATE GOVERNANCE REPORT

Commitment

Ethos Capital is committed to the principles of sound governance and application of the highest ethical standards in the conduct of its business and affairs. The Board is committed to the values and characteristics of competency, responsibility, accountability, fairness, integrity and transparency of King IV. The Directors accept full responsibility for the application of these principles to ensure that good corporate governance is effectively practised at Ethos Capital. Furthermore, the Board understands and accepts its responsibility to the shareholders of Ethos Capital and endeavours to ensure the Company conducts its business in the best interests of its shareholders.

The Board is responsible for ensuring compliance with all statutory obligations as specified in the Constitution of Ethos Capital, the Mauritius Companies Act, the Listings Requirements and all other applicable regulatory requirements.

The Directors endorse King IV and recognise the need to conduct the affairs of Ethos Capital with integrity and in accordance with generally accepted corporate governance practices. In discharging this responsibility, the intention is to apply the principles of King IV in both letter and spirit. The Directors recognise they are ultimately responsible for the financial performance of Ethos Capital. The Directors have taken steps to ensure compliance with the Listings Requirements (save as exempt or where the JSE may provide dispensation) and the application of the principles of King IV. It should be noted that Ethos Capital, as an investment entity, does not have and will not conduct, traditional operations, and thus not all the traditional corporate governance structures and practices envisaged by King IV are appropriate to Ethos Capital and its business as an investment entity. The Company does not employ any people.

Application of King IV

A detailed register of the Company's application of King IV is available at:
https://ethoscapital.mu/investors/governance/

Board of Directors

Responsibilities

The Board is ultimately responsible for Ethos Capital's business, strategy and key policies, and for the approval of the financial objectives, targets and investment decisions. In addition, the Board is required to:

- define and implement the long-term strategic vision of Ethos Capital;
- define and implement Ethos Capital's Investment Strategy, evaluate and make commitments to Ethos Funds or Direct Investments via the Investment Committee;
- approve the annual business plan and budgets;
- promote organisational integrity and monitor and oversee Ethos Capital's values and ethics;
- monitor and review Ethos Capital's performance and delivery against strategy, business plans and budget;
- monitor and review the performance and delivery of services by Ethos in terms of the investment services agreement;
- monitor, review and evaluate the performance of the portfolio;
- represent Ethos Capital on the relevant Ethos Funds' advisory boards where appropriate;
- monitor and oversee Ethos Capital's recognition and management of risk, via the Audit and Risk Committee;
- monitor and oversee the appropriateness of financial processes, systems and controls, via the Audit and Risk Committee – protecting Ethos Capital's financial resources and position;
- monitor the appropriateness of business processes, systems and controls, and the effectiveness and competitiveness of Ethos Capital;
- approve the Annual Financial Statements and the Integrated Annual Report, after review and approval by the Audit and Risk Committee;

- monitor and oversee the appropriateness of regulatory compliance, processes and reporting via the Audit and Risk Committee – protecting Ethos Capital's regulatory reputation;
- monitor the policies and processes for open and honest communication with shareholders and other stakeholders – protecting Ethos Capital's business reputation;
- review the remuneration of Directors via the Remuneration Committee;
- review the performance of the Company Secretary, as well as their competence, qualifications and experience annually, and report on whether or not the Board is satisfied therewith to the shareholders in the Integrated Annual Report;
- monitor and advise on the management of potential conflicts of interest of, and with, Board members, Senior Advisors, shareholders and other stakeholders;
- monitor and appreciate stakeholders' perceptions affecting Ethos Capital's reputation; and
- review the performance of the Board, Directors, and Board Committees and report on whether the Board is satisfied that it has fulfilled its responsibilities

Composition

The Board currently consists of five independent non-executive Directors, the majority of whom are non-South African residents. The Board is satisfied that there is a clear division of responsibilities to ensure a balanced distribution of power, time and authority so that no one Director has unfettered powers of decision making.

Directors retiring by rotation

Per the Company's Constitution, at least one-third of the non-executive Directors retires by rotation at each Annual General Meeting ("AGM"). Retiring Directors are eligible for re-election until they have completed nine years of service as a Director.

Conflict of interest

All Directors are required to sign an annual declaration stating they are not aware of any conflicts of interest that may exist as a result of their interest in or association with any other company, except as disclosed, setting out for record-keeping purposes all business-related interests they have. As soon as a Director becomes aware of any conflict of interest, they must disclose such conflict immediately. In addition, all conflicts have to be declared and noted at the commencement of each Board and Committee meeting.

Board members

The Directors noted below served on the Board throughout the financial year. Ms Yvonne Stillhart and Mr Yuvraj Juwaheer retire at the AGM and are eligible and offer themselves for re-election. Biographies of all the Directors and their experience are as follows:

Yvonne Stillhart (52)

BSC ZFH

Appointed 15 June 2016

Chairperson, independent non-executive Director

Yvonne has over 29 years' experience in private equity investing and private asset investment management. She is one of two independent non-executive member of the Board of Directors and Audit and Risk Committee of UBS Asset Management Switzerland AG, the leading asset manager in Switzerland and the independent non-executive Chairperson and on the Finance Committees of several Jersey and Luxembourg domiciled corporations, focusing on private markets investments in Europe. She was also Chairperson of the Board of Directors and the Finance Committee of Unigestion (Luxembourg) S.A., an alternative investment fund manager ("AIFM"), investing globally via direct private equity investments, secondary and primary partnership investments. Yvonne is a seasoned alternative assets and private equity specialist who successfully built a leading private equity organisation. She was a co-founding senior partner and long-standing member of the Investment Committee of Akina AG, a Swiss-based independent private equity manager. In 2017, Akina was acquired by Unigestion SA to create a market leader with over USD7.5 billion of private assets under management. In addition to being instrumental in the integration, build-up and successful leadership of a multinational investment team in an SEC-regulated organisation for more than 12 years, she led investments, developed portfolio and risk management governance and structured investment funds. She was a Board member in a number of corporations and investee entities across various industries and countries.

Yvonne is an experienced corporate board member and has extensive experience in leading, structuring, executing and managing private market investments. Earlier in her career, Yvonne spent 12 years at UBS Zurich, with stays in London and New York. She was responsible for a number of high-profile minority equity, buyout, mezzanine, infrastructure, structured debt and equity transactions in Western and Eastern Europe, Turkey and North Africa as well as mergers and acquisitions and capital markets transactions in Europe.

She holds a degree in economics and accounting from the University of Applied Sciences in Business Administration, Zurich. Yvonne speaks German, English, Spanish and French.

Yuvraj Juwaheer (61)

LLB

Appointed 26 May 2016

Independent non-executive Director

Yuvraj is the managing partner of YKJ Legal, a law firm in Mauritius. He has considerable experience in corporate and commercial law and advises on corporate and finance transactions, collective investment schemes, trusts, funds structuring and administration, banking and regulatory issues.

He has over 20 years' experience in the global business sector and has previously served as an independent Director for a number of Indian funds. Before founding YKJ Legal, he was a partner of Bedell Cristin (Mauritius) Partnership from November 2010 to November 2016, and prior to that he had been a partner at Citilaw Chambers. He was previously an executive Director of a major licensed management company and a former partner of De Chazal du Mee.

He was a member of the steering committee set up by the Mauritian government in 2004, to consider the opening of the legal profession to international law firms in Mauritius. He also served as the Secretary of the Association of Offshore Management Companies of Mauritius in 2003.

He holds an LLB from the University of London and was called to the bar at the Middle Temple in London and at the Supreme Court of Mauritius. He is also an Associate of the Institute of Chartered Secretaries and Administrators, a member of the Society of Trusts and Estate Practitioners and a member of INSOL International.

Derek Prout-Jones (57)

BCom, BAcc, CA(SA)

Appointed 1 June 2016

Independent non-executive Director

After completing his articles at Deloitte & Touche, Derek joined RMB in 1989 in the special projects division. During his 21-year career with RMB, he spent five years in corporate finance, specialising in business valuation methodologies, and then joined RMB Private Equity as one of the founding members.

He served as Chief Financial Officer ("CFO") of RMB from 1999 to 2003 and was appointed as Chief Investment Officer ("CIO") in 2003 to oversee the various principal investment activities of RMB. He held this position until 2009, when he moved back to RMB Private Equity to head the division, which included sitting on the Boards of Directors of Ethos and RMB Corvest Proprietary Limited.

During his tenure as CIO, he served on the RMB Divisional Board and chaired the RMB Proprietary Management Board, the RMB Investment Committee and the Boards of RMB Australia Holdings and RMB International Dublin Limited. He was also a member of various Group Governance Committees.

He left RMB at the end of 2010 and joined Michael Pfaff in a private company, 4 Decades Capital, pursuing long-term investment opportunities that typically fall outside the scope of traditional private equity.

He holds Bachelor of Commerce and Accounting degrees from the University of the Witwatersrand and is a member of the South African Institute of Chartered Accountants ("SAICA").

Kevin Allagapen (43)

BCom (SA), Executive MBA (UK)

Appointed 26 May 2016

Independent non-executive Director

Kevin started his career at Deloitte Mauritius in 2000 and has 20 years' experience in the financial services sector in Mauritius. He is the Managing Director at Ocorian (Mauritius) Limited and an executive director of Ocorian Corporate Services (Mauritius) Ltd (formerly known as "Abax Corporate Services (Mauritius) Limited"), both management companies regulated by the Mauritius Financial Services Commission.

His areas of expertise span corporate and fund structuring, formation, management and administration services, private wealth, tax planning and compliance, accounting, regulatory and compliance matters. He also serves as a Director on the Boards of numerous global business companies and funds operating in diverse economic sectors such as agriculture, manufacturing, mining, infrastructure, commerce, engineering, logistics, aviation, shipping and financial services and in that capacity is involved in investment and disinvestment decisions, strategy development, statutory compliance and day-to-day operations.

Kevin also acted as an independent non-executive director of Mauritius Housing Corporation, a public company whose principal activities are granting loans for the construction of houses and to engage in deposits taking and was the Chairman of the Audit Committee in 2014.

He holds a Bachelor of Commerce from the University of KwaZulu-Natal, Pietermaritzburg, South Africa, and an Executive MBA from the University of Birmingham, UK.

Michael Pfaff (59)
BCom, MBA
Appointed 1 June 2016
Independent non-executive Director

Michael began his career in corporate finance at Deloitte & Touche and Standard Merchant Bank after which he spent four years in the United States with NationsBanc Capital Markets (now Bank of America), as a Director of structured capital markets.

In 1997, he joined RMB to help build its Private Equity division. He was instrumental in growing the bank's Private Equity division and led the bank's initiative to spin out Ethos (where he sat as a Director for a number of years). He was a Director of the bank's private equity business, RMB Ventures, responsible for initiating and leading various on-balance-sheet investments. He also sat on the bank's Investment Committee responsible for all private equity and principle investing decisions.

In 2000, he was appointed CEO at RMB and during his tenure (2000 to 2008) pretax profits grew eightfold. Throughout this period he continued to be involved in large private equity decisions and served as Chairperson of RMB Corvest Proprietary Limited.

Post-RMB, he has been involved in building a brand business, including a health and beauty business called CaviBrands Proprietary Limited, and turning around a fashion business called New House of Busby. Furthermore, he and Derek Prout-Jones invest through a private company, 4 Decades Capital, into long-term investment opportunities that typically fall outside the scope of traditional private equity.

He remained on the RMB and FNB divisional boards until 2017.

He holds a Bachelor of Commerce from the University of Cape Town and an MBA from Duke University (Duke Fuqua Scholar) and was a member of SAICA.

Report

A report by the Board has been provided on page 72 of the Annual Financial Statements.

Board Committees

As provided for in the Constitution, the Board is supported and assisted by four Committees with clear mandates and oversight responsibility for various aspects of the business. The responsibilities delegated to each Committee are formally documented in the terms of reference for that Committee, and have been approved by the Board and are reviewed annually. The current composition and responsibilities of each of the four Committees are set out on pages 54 to 56 of this Corporate Governance Report.

Audit and Risk Committee

Responsibilities

The Committee has an independent role with accountability to the Board and shareholders for:

- the safeguarding of assets; financial and internal controls, compliance and reporting;
- financial and other risk management;
- the external audit and assurance and the integrity of the Annual Financial Statements; and
- corporate governance.

Its key responsibilities are noted below.

External audit

Responsible for recommending the appointment of the external auditors and overseeing the external audit process, including:

- evaluating the performance and effectiveness of the external auditors and process, the independence of the external auditors, and considering and pre-approving any material non-audit services;
- considering and making recommendations to the Board and shareholders on the appointment and retention of the external auditors, and ensuring their appointment complies with the Mauritius Companies Act and the Listings Requirements;
- approving the terms of engagement and remuneration for the external audit engagement; and
- discussing, reviewing, considering and agreeing the external audit plan and reports.

Financial reporting

Responsible for examining and reviewing any financial reports, updates or announcements prior to the submission and approval by the Board for publication, focusing on:

- balanced and fair presentation;
- consistency of applicable accounting policies and standards;
- judgemental areas, significant adjustments and going concern; and
- risks relating to financial reporting, fraud risks and information technology ("IT") risks.

Risk management

Responsible for ensuring that Ethos Capital has implemented an effective policy and plan for risk management, to provide assurance and enhance Ethos Capital's ability to achieve its strategic and business objectives. To achieve that, the Committee should:

- oversee the development and annually review a policy and plan for risk management; and
- monitor and oversee the implementation of the policy and plan to ensure they are integrated with the day-to-day activities of Ethos Capital and the activities in terms of the investment services agreement.

Internal audit

Responsible from time to time to consider the need for an internal audit function, or for similar assurance services on an as-needed basis.

Members

The Audit and Risk Committee is chaired by Kevin Allagapen and its other members are Yuvraj Juwaheer and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Report

A report by the Audit and Risk Committee has been provided on page 70 of the Annual Financial Statements.

During the year, the Audit and Risk Committee considered the effectiveness and appropriateness of the CFO and the finance function and believes that they are suitably qualified and experienced. The Committee also considered the Group's financial reporting systems and procedures and deems them to be effective as a basis for the preparation of reliable financial statements.

Furthermore, the Committee requested and received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte and the designated individual partner, Dinesh Munu.

Remuneration Committee

Responsibilities

The Committee is responsible for fair and responsible remuneration of the non-executive Directors as well as the disclosure and reporting of relevant remuneration matters in the Integrated Annual Report. Its duties include:

- recommending the remuneration policy of the Company;
- proposing the non-executive Directors' remuneration annually to the Board;
- reviewing the terms of consultancy agreements entered into with the non-executive Directors;
- ensuring relevant, complete and transparent disclosure and reporting on remuneration matters; and
- ensuring annually that the remuneration policy and remuneration implementation report are put to a non-binding advisory vote at the AGM.

Members

The Remuneration Committee is chaired by Yuvraj Juwaheer and its other members are Kevin Allagapen and Michael Pfaff. All members are independent non-executive Directors of Ethos Capital.

Remuneration

The remuneration of the Directors is set out on page 102 of the Annual Financial Statements.

Policy and report

The remuneration policy and implementation report by the Remuneration Committee has been provided on pages 61 and 62 of this Corporate Governance Report.

Investment Committee

Responsibilities

The Committee is responsible for the investment guidelines and strategy, evaluating and making recommendations about investment opportunities on behalf of the Company and monitoring the performance of the investment portfolio. Its duties include:

- considering and proposing any changes to the Investment Guidelines and Strategy;
- overseeing the implementation and adherence to the investment guidelines and strategy;
- analysing and evaluating proposed investments, including Primary Investments, Secondary, Investments, Direct Investments and Temporary Investments;
- interacting regularly with the Senior Advisors regarding the investment portfolio, investment pipeline and Ethos Capital's liquidity profile;
- participating and being a member of the advisory boards of the Ethos Funds in which Ethos Capital is invested in; and
- monitoring, reviewing and advising on the performance of the investment portfolio.

The Committee has no capacity to conclude or bind the Company to any investments but can only recommend proposed investments to the Board for approval.

Members

The Investment Committee is chaired by Derek Prout-Jones and the other member is Michael Pfaff. Both members are independent non-executive Directors of Ethos Capital.

While King IV recommends for each Committee of the Board to have three members, the Board is satisfied that, given the specific levels of private equity experience required and the specialised nature of the Investment Committee's roles and responsibilities, having only two highly experienced, skilled and knowledgeable members of the Investment Committee is for now appropriate for the Investment Committee to execute its duties effectively.

Social and Ethics Committee

Responsibilities

The Committee is responsible for the social and ethical conscience of the Company, sustainability and stakeholder relationships, and to ensure the Company behaves like a responsible corporate citizen. Its duties include:

- reviewing and approving the policies, frameworks and procedures to manage ethics and the avoidance of corruption within the Company;
- reviewing and monitoring progress towards B-BBEE and transformation;
- reviewing and monitoring the policies and procedures to assess compliance with health, safety and environmental laws and regulatory requirements and their impact on investments and stakeholder relations;
- reviewing and monitoring the quality and appropriateness of stakeholder relations; and
- monitoring and assessing the appropriateness of the Company and Ethos' corporate social investment activities.

Members

The Social and Ethics Committee is chaired by Yuvraj Juwaheer and its other members are Yvonne Stillhart and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Other Committees

The Board has given consideration to the need for the Company to have a Nomination Committee, which was not deemed necessary at this stage. This will be considered on an annual basis. Board succession management and the appointment of Directors are considered to be matters for the Board as a whole. Appointments will be made via a formal and transparent procedure in terms of Ethos Capital's Constitution. Directors will be nominated based on their calibre, credibility, knowledge, experience, impact they are expected to have and the time, and attention they can devote to the role.

Gender and race diversity at Board level

As stated above, when new or replacement Directors are considered, the Board assesses the skills of the Board as a whole, to identify any areas that need strengthening.

The Board believes, as a whole, it currently represents an appropriate balance of skills, outlook, experience and knowledge to conduct its roles and responsibilities. The Board also believes that diversity of experience, culture and outlook, including gender and race diversity, among Board members is of great importance. It is the Board's policy to give careful consideration to issues of Board balance and diversity when making new appointments and to do so on merit. The Board currently does not have any gender or diversity targets, but the Board has to consist of at least two Directors who are resident in Mauritius.

There were no nominations or appointments of Directors during the year.

Attendance at Board and Committee meetings

Attendance by the Directors at Board meetings and Board Committee meetings during the financial year is set out below:

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	Investment Committee
Number of meetings held	**3**	**3**	**1**	**1**	**1**
Directors' attendance					
Derek Prout-Jones	3	3	N/A	1	1
Kevin Allagapen	3	3	1	N/A	N/A
Michael Pfaff	3	N/A	1	N/A	1
Yuvraj Juwaheer	3	3	1	1	N/A
Yvonne Stillhart	3	N/A	N/A	1	N/A

Senior Advisors

In order to facilitate Ethos' rendering of services in terms of the investment services agreement and to support the Board, Ethos has provided Senior Advisors to fulfil the roles of Ethos Capital's CEO and CFO.

The Senior Advisors support the Board in managing Ethos Capital's business, in particular the following aspects thereof:

- Investment analysis and proposing investment decisions, including Primary Investments, Secondary Investments, Direct Investments and Temporary Investments, to the Investment Committee;
- Active involvement in the Portfolio Companies of Direct Investments, including through representation on the Board of Directors of the Portfolio Companies;
- Shareholder engagement, including investor roadshows; and
- Reporting to shareholders, including quarterly NAV reporting and shareholder feedback.

The Senior Advisors that supported the Board during the financial year were Peter Hayward-Butt (CEO) and Jean-Pierre van Onselen (CFO).

Company Secretary

Ocorian (Mauritius) Limited ("Ocorian") was appointed as Company Secretary on 26 May 2016. Ocorian is a management company and has suitably qualified, competent and experienced staff to discharge its role as Company Secretary and is appropriately empowered to fulfil duties with regard to assistance to the Board, in particular, in relation to applicable Mauritian law and regulation.

The Board has considered the individuals at Ocorian who perform the company secretarial functions, as well as the Directors and shareholders of Ocorian, and is satisfied that there is an arm's length relationship between the Company Secretary and the Board, who can remove the Company Secretary from office. The Board considers Ocorian to be independent of the Board and the Company. Ocorian is licensed by the Financial Services Commission of Mauritius to provide a comprehensive range of financial services to international businesses.

For the year under review, the Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary for the current and next financial year.

The Company Secretary of Ethos Capital is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers. The Company Secretary is also required to ensure the Directors are aware of all laws and regulations relevant to or affecting Ethos Capital and to report to any meetings of the shareholders of Ethos Capital or the Directors, any failure on the part of Ethos Capital or a Director to comply with the Constitution or rules of Ethos Capital or the Mauritius Companies Act.

The Company Secretary acts as an advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations and King IV. The Company Secretary is also responsible for the induction of new Directors, the tabling of information on relevant regulatory and legislative changes, and support to the Directors regarding their duties and responsibilities. The Directors have unlimited access to the advice and services of the Company Secretary.

The Company Secretary provides guidance to the Board regarding Directors' duties and good governance, and ensures that Board and Board Committee charters are kept up to date. The Company Secretary prepares and circulates Board papers and assists with response handling, input and feedback for Board and Board Committee meetings. Assistance is also provided with the preparation and finalisation of Board and Board Committee agendas based on annual workplan requirements. The Company Secretary assists with the annual review of the performance of the Board, Board Committees and individual Directors.

Directors' emoluments

The emoluments paid to the Directors during the year are disclosed in note 18 of the Notes to the Annual Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible and accountable for the implementation of an effective policy and framework for the identification, recognition and management of risk. In addition, it is responsible for the monitoring and oversight of the appropriateness of the financial and business processes, systems and controls, and financial reporting. The Board is supported by the Audit and Risk Committee in the fulfilment of these responsibilities.

A detailed risk framework and register has been developed and implemented to identify, assess, monitor and manage Ethos Capital's risk. The Board and the Audit and Risk Committee regularly review the above and are of the opinion that the internal controls and risk policies in place during the year were sufficiently effective to manage the risks of the Company.

As an investment holding company, Ethos Capital has no employees and relies upon certain services provided by the Investment Advisor. The Company is therefore largely dependent upon the risk management structures and practices, and the internal control systems of the Investment Advisor. The security of the Company's assets and integrity of its accounting records as well as its compliance with regulatory and legal requirements depend on the effective operation of these systems. The Audit and Risk Committee monitors and discusses the effectiveness of these processes with representatives of the Investment Advisor and has access to internal control reports.

Likewise, the effective management of the Company's investment risk is largely dependent on the Investment Advisor's related structures, practices and systems.

In addition, the governance of IT is largely dependent on the IT-related controls of the Investment Advisor. These controls are reviewed and discussed with the appropriate management levels, largely focusing on business continuity, and the Board is satisfied that the Company's controls and monitoring of IT governance are appropriate.

The Board and the Audit and Risk Committee are satisfied that, given the nature and size of the Company's operations and the extent of and reliance placed on the service providers, the Company does not currently need an internal audit function. This decision will be reviewed on an annual basis.

The Board and the Audit and Risk Committee are satisfied that they have fulfilled their responsibilities in respect of risk management and internal controls during the year.

The key risks currently facing the Company are set out below

Risk	Definition of risk	Mitigating controls and process
Financial risks	Risks that could result in changes to the NAV or the Company's performance and/or result in financial loss to the Company, consist of: capital risk, valuation risk, market risk, credit risk and liquidity risk.	• These are fully detailed in note 25 of the Notes to the Annual Financial Statements.
COVID risks	The threat of a "second-wave" resulting in further lockdowns could impact equity markets and disrupt business operations of the Portfolio Companies again, leading to a decrease in their profitability and valuations	• Ethos is in constant communication with Portfolio Company management teams to monitor the COVID impact on each. • Large focus on their liquidity plans and revised strategies post-COVID. • Sector and geographical diversification of the portfolio assisting with balancing the risk.
Macro-economic risks and political uncertainty	Risks arising from a deteriorating economy, the political turmoil facing South Africa and possible further rating agencies downgrades can adversely impact economic activity, the Portfolio Companies' growth and sentiment to equity markets.	• The Ethos Funds have a mandate to invest up to 25% outside South Africa into the rest of SSA and the portfolio is diversified into different market sectors. • The Board and Investment Committee, alongside Ethos, regularly monitors the exposure of the Funds and Company. • Current exposure, including Co-Investments, to rest of SSA (40%) and International (7%).
Liquidity and over-commitment risks	The risk the Company is unable to meet its short-term obligations by its inability to convert financial assets into cash and cash equivalents, or a lack thereof. The risk that the Company has an aggressive over-commitment strategy resulting in the inability to meet the commitments when due.	• The Board has a Liquidity and Commitment Management policy. • Forecast cash flow and liquidity actively monitored and stress-tested by the Board and Investment Committee, with input from Ethos. • R700 million revolving facility secured. • Realising liquid underlying listed shares and secondary processes available if required. • Board and Investment Committee proactively exploring options to strengthen their post-COVID liquidity position.
Regulatory and reporting risks	Compliance with legal and taxation legislation of the jurisdictions where the Company operates, adherence to financial reporting, the Listings Requirements, and the exercise of good governance are all factors critical to the sustainability of the Company.	• Constant monitoring by the Board, with assistance from the Sponsor, Mauritian Directors, legal advisors, auditors, and Company Secretary. • All Board meetings are held and decisions made in Mauritius as per requirements.
Valuation risks	The risk that the Company's quarterly valuations (derived from the underlying Ethos Funds' NAV, which is individually derived from the Portfolio Companies' valuations) are not representative of current fair value and/or are significantly different to the proceeds that investments subsequently achieve on exits. Risks that valuations are over-conservative.	• Ethos has a robust quarterly valuation process. • Valuations are prepared under the International Private Equity and Venture capital ("IPEV") guidelines and are considered twice a year by the Funds' Advisory Committees. • Auditors review the reasonability, accuracy and methodology of the Funds' valuations twice a year. • The Board has access to detailed quarterly General Partner reports that sets out valuations and their drivers.

Risk	Definition of risk	Mitigating controls and process
Share price performance and discount	Risk that underperformance of the Company and poor investor sentiment towards the equity markets in general or the Company could result in the widening of the share price discount to NAV.	• The Board monitors the share price and discount on a frequent basis. • Upon requests, regular meetings and/or discussions are held with investment managers and shareholders and presentations are hosted to ensure they have access to relevant data and are informed about the Company's strategy and the underlying investments' performance.
Investment risks	Risks relate to poor processes, discipline or information when making investment decisions by Ethos or the Ethos Capital Board, or not adhering to either's investment strategy. The risk from a lack of investment opportunities, and concentration risks.	• Ethos and Ethos Capital have well experienced Investment Committee members that enforce rigorous assessment, review and due diligence within their investment processes, when considering investment decisions. • Ethos has a large investment team across its Funds that actively pursue and explore investments. • With focused origination efforts, they maintain a strong and active pipeline. • The portfolio is diversified across Fund-type offerings, geographies and sectors. • Concentration risks within the portfolio are considered by the Board and Investment Committee.
Business continuity and IT risks	The risk that interruption in the operations of service providers and/or the Company can result in financial loss to the Company. The risk of failure of IT systems, network security and back-up procedures resulting in an irretrievable loss of information or unacceptably long period during which operations and communications are impaired.	• Since most of the operations are performed by Ethos, a high level of reliance on Ethos' systems and processes exist. • Ethos is a regulated entity and has strong controls in place in relation to: investment decisions; portfolio reviews; financial performance; payments and receipts; safeguarding of investor assets; compliance; and regulation. • Formal annual declarations from Ethos received in respect of adhering to their controls, compliance and security over systems. • Deloitte performs an annual Fund controls review that the Board considers, alongside the annual Fund statutory audits, including investment valuations.

REMUNERATION REPORT

Background

The Board is ultimately responsible for fair and responsible remuneration of the non-executive Directors and ensuring adequate disclosure and reporting of remuneration matters. The Board is supported by the Remuneration Committee in the fulfilment of these responsibilities.

As an investment holding company, Ethos Capital has no employees and has no executive management remuneration, as the Senior Advisors are contracted and paid by the Investment Manager. In accordance with the Listings Requirements, the remuneration policy and implementation report will be submitted to shareholders at the AGM for a non-binding advisory vote.

The Board and the Remuneration Committee are satisfied that they have fulfilled their responsibilities in respect of remuneration during the year.

Remuneration policy

Responsibility

The Remuneration Committee is responsible for the remuneration policy.

The Company's Constitution provides that, notwithstanding anything to the contrary contained in the Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged, entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution.

The Remuneration Committee is responsible for proposing the non-executive Directors' remuneration annually to the Board of Directors for subsequent shareholder approval at the AGM.

General principles

Remuneration is only applicable to the Directors, as the Company has no employees.

The Directors are all independent of the Company and act in the capacity as non-executive Directors.

The aim of the remuneration policy is to support the Company and Board to attract, recruit and retain high-performing and best-in-class Directors with a long and proven track record within the private equity industry; and offer diverse levels of skill, background and outlook to strengthen the Board.

The terms of a Director's appointment are detailed and recorded in standard contracts of employment.

The policy is aligned with Ethos Capital's business objectives and strategy, as well as its Code of Ethics and Conduct Policy.

Directors' remuneration should be reflective of their individual responsibilities and time commitment required.

The remuneration should be fair and responsible in the context of the industry, jurisdiction and market that the Company operates in, and should at all times adhere to any legal or regulatory requirements.

Remuneration mix

Ethos Capital has only one component of remuneration, namely fixed remuneration.

The Directors are paid a fixed annual fee, effective from 1 July of any year until 30 June of the following year, payable quarterly.

Per the Mauritius legislation, a 15% withholding tax is levied on gross fees payable, resulting in a net payment made to the individual Directors.

Any annual increased fees approved will be backdated to 1 July and any shortfall on the amounts paid to that date will be paid to the Directors.

From July 2019, fees are paid in the currency denominations of the jurisdictions where the Directors reside in recognition of the volatility of the South African Rand to other relevant currency denominations.

The Company does not pay short-term incentives, in line with its long-term business strategy.

No Director is entitled to any pension scheme or other similar benefits that would typically be associated with permanent employment.

Directors are entitled to be reimbursed for expenses reasonably incurred in connection with the performance of their duties and attending Board, general and other related meetings of the Company.

Fixed remuneration review

The fixed fees are reviewed annually by the Remuneration Committee.

The Remuneration Committee appointed the CFO of the Investment Advisor to act as Independent Advisor to the Remuneration Committee.

On an annual basis, the Independent Advisor is responsible for sourcing independent and relevant benchmark information on non-executive Directors' remuneration of other companies that are relevant in respect of:

- the nature and size of the Company's operations;
- the Company's activities and the jurisdictions that it operates in;
- the investment mandate of the Company;
- number of and type of Committees; and
- number of Board and Committee meetings.

In addition and as a secondary benchmark, fees and relevant information will be sourced from the Company's peer group, if available and relevant.

Each individual Director's involvement, roles and responsibilities, and/or change in responsibilities and time commitments, will be considered to make individual assessments of the comparable levels of the benchmark information most relevant to each.

Where limited data is available, or information is not directly comparable, reasonable and fair assumptions will be made in respect of the time and commitment required in fulfilling specific or standalone roles, the level of skills required and where specific private equity skills are required.

An additional premium/fee is also allocated to Chairpersons of the Committees, in recognition of the added responsibility.

The Independent Advisor will consider all factors and information available including fluctuations, relative to the South African Rand in the respective currency denominations that are relevant to where the Directors render their services and where they reside, to determine a recommended fee per Director. He will submit his recommendations to the Committee, and typically would be invited to present his findings and outcomes at a meeting of the Committee.

Approval

The Committee recommends the proposed annual fee per Director to the Board of Directors.

The proposed fees will be reviewed by the Board of Directors and, if in agreement, the fees are submitted for shareholder approval at the Company's AGM.

This remuneration policy and an implementation report are to be tabled annually at the AGM for separate non-binding advisory votes by the shareholders.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, the Remuneration Committee will engage with the dissenting shareholders to address their respective objections, by:

- issuing invitations to dissenting shareholders to submit written submissions of their objections to the policy and/or the report;
- considering and addressing any objections; and
- reporting back to dissenting shareholders.

The Remuneration Committee may also arrange meetings with dissenting shareholders to discuss and clarify their objections.

Implementation report

The annual remuneration paid to the non-executive Directors, representing the fees paid in respect of the fulfilment of their roles as non-executive Directors, for the financial years ended 30 June 2020 and 2019 respectively, is noted below:

	30 June 2020		30 June 2019
	Currency '000	R'000	R'000
Fees for services:			
Derek Prout-Jones	ZAR1,640	1,640	1,575
Kevin Allagapen	US$25	383	336
Michael Pfaff	ZAR1,290	1,290	1,240
Yuvraj Juwaheer	US$25	383	336
Yvonne Stillhart	CFH45	705	630
		4,401	4,117

The 2020 fees were approved by the shareholders at the Company's AGM held in November 2019, with the total remuneration representing inflation and below-inflation adjusted remuneration increases in the respective base currencies relative to the 2019 remuneration.

SUSTAINABILITY AND SOCIAL AND ETHICS REPORT

The Company is an investment holding company governed and directed by a non-executive Board, and has an investment services agreement with the Investment Advisor that sets out the day-to-day responsibilities of the latter, supporting the Board. The Investment Advisor has seconded certain advisors to fulfil the roles of CEO and CFO. The Company has no employees and has a limited direct impact on the environment.

The Company can drive sustainability and its social and ethical footprint indirectly through the activities of its Investment Advisor and the investment into Portfolio Companies. The selection of an Investment Advisor able to demonstrate adherence to sound ethical principles and culture, internally and through its Portfolio Companies, as well as adherence to responsible investing and sustainability, is a critical decision of the Board. The Board has endorsed Ethos' policy of sustainability and responsible investing and monitors its investment activity and management of the Portfolio Companies to ensure they are compatible with these policies to benefit the Company's shareholders and the society at large.

Ethos' sustainability report and ESG philosophy

For the past three years, Ethos has produced a Sustainability Report documenting the findings of an annual Environmental, Social and Governance ("ESG") review. The Report is compiled in consultation with Portfolio Companies with whom Ethos shares its findings to co-create, implement and adapt sustainability planning and inform ESG-related decision making. The 2018 Report was publicly available last year for the first time, being published on Ethos' website in September 2019. The Report can be downloaded from the website here: *https://www.ethos.co.za/our-ethos/*

While Ethos' primary objective is to maximise stakeholder value by generating superior returns, Ethos unequivocally recognises its role in the broader South African and SSA community. Moreover, Ethos holds the view that it has a responsibility to address societal and environmental issues – beyond legal requirements – through its activities. As custodians of policyholder, pensioner and shareholder capital, Ethos strives to positively influence and effect change and recognises that its actions today enable the reality of tomorrow.

As forerunners in the private equity field, Ethos has set an example of responsible investment best practice and upholds the principles of ethical leadership. Therefore, from preacquisition due diligence through to Portfolio Company exit, ESG parameters are assessed throughout Ethos' investment process in line with Ethos' own Responsible Investment Policy and its Environmental, Social and Governance Management System ("ESGMS").

ESG perspectives present some of the most material risks and opportunities for Portfolio Companies. In acknowledgement of this, Ethos has a dedicated ESG team, supported by investment teams, deal team ESG champions, external specialists (when required) and Portfolio Company executives. Together, they ensure ESG issues are effectively managed by deploying Ethos' ESGMS.

In line with its long-term mission and typical 10-year Fund horizon, Ethos seeks to ensure that Portfolio Companies respond strategically to ESG issues with an enduring value creation lens and avoid short-term fixes that may ultimately destroy long-term value.

Further information is provided in the Review of the Investment Advisor section of this Integrated Annual Report.

Transformation at Ethos

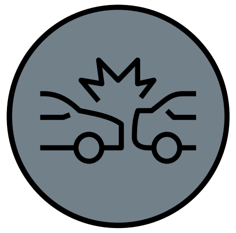
The Company has made a commitment to EMMF I, a black-managed, mid-market focused fund in South Africa. Ethos believes the combination of significant empowerment credentials and strong execution capabilities will give this Fund a distinct competitive advantage.

EMMF I heralds a new generation in South African private equity investing, representing a unique combination of proven institutional investing and value-adding insights, coupled with sustainable BEE solutions and transformational impact.

Sustainability at Ethos Portfolio Companies

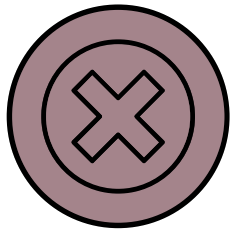
Ethos works closely with its Portfolio Companies to drive sustainability through their business activities. As an active owner, Ethos' ESG team attends each Portfolio Company's Social and Ethics Committee meetings as well as maintaining a Portfolio Company sustainability network. In doing so, Ethos can understand the main ESG issues and opportunities that the Company deals with as well as sharing examples of best practice among the entire portfolio. More information is available within Ethos' Sustainability Report for 2018, however, a few select case studies are presented here.

70% ↓
Pedestrian accidents

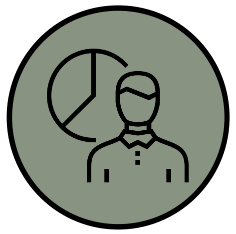


25% ↓
Vehicle accidents

100% ↓
Fatal accidents



64% ↓
Traffic Fines



5% ↑
On Time in Full Staff time

RTT: Cultural Change Through Driving Road Safety – Addressing UN Sustainable Development Goal 3 (Good Health and Wellbeing)

RTT has 22 branches across South Africa with the fleet travelling 66.5 million kilometres annually delivering to 5800 stores in 800 shopping centres. A culture change was needed to create sustainability in the business, and in doing so, reduce costs and negative impacts to employees and communities (fatalities of both employees and third parties, injuries, traffic fines, accidents resulting in vehicle damage and associated costs for downtime, freight loss and reputation).

A programme was developed to implement a positive change across all RTT employees which in turn was used to drive behavioural change and increase employee engagement. The Company started with an investment in technology by upgrading operating systems with a strong focus on high visibility real time data, developing data dashboards and implementing route optimisation and dynamic routing. Adopting a coaching approach, an independent employee survey was undertaken to establish employee satisfaction levels, self-awareness training was provided for managers and improved driver recruitment processes were implemented. This approach was instigated across the entire supply chain with third-party suppliers and line haul suppliers also being included in the training. A Wellness Centre was also established on site to provide better facilities for employees, including an on-site doctor, counselling facilities, chronic medication dispensary, upgraded staff canteen and ablution facilities. Ongoing driver training was also conducted via Weekly Toolbox Talks and emphasis was placed on all staff through the RTT Training Academy.

As a result of the programme, RTT received international recognition as one of the first companies to receive ISO 39001 certification for Road Safety in South Africa as well as being the first organisation globally to be issued with the Global Conformity and GC-mark 'Verified Safe Transport' Mark and Certificate. In addition, there were noticeable changes within RTT through improved employee morale, lower staff turnover, improvement in brand reputation and importantly, reductions in vehicle and pedestrian accidents.

Sanitech (a Waco division): Innovative product - Addressing UN Sustainable Development Goal 6 (Clean Water and Sanitation)

Sanitech is the leading portable sanitation company in South Africa as well as offering professional washroom hygiene services. Sanitech, in offering innovative solutions, felt that they had the right tools in place to address the urgent issue regarding poor sanitation in South Africa. As an example, there are still over 4,000 schools across SA that only have pit latrines as toilets and fatalities in schools still occur. In addition, Sanitech wanted to develop resource efficient solutions for the increasingly water stressed environment in Sub-Saharan Africa. Sanitech set out to develop a product that:

- Protects children from harm and reduces the risk of falling into an open pit;
- Ensures that the user has a dignified experience when using the facility;
- Makes sure there is no direct exposure to raw waste and the health risks associated with this; and
- Protects and prevents the contamination of underground water resources by containing waste instead of allowing it to leach into the underground water system with the resultant contamination.

In response to the brief, the Research and Development team were able to develop their patented Khusela Dry Sanitation Toilet ("DST") which could be retrofitted to any existing latrine to not only prevent children from falling into the pits, but also to prevent the spread of disease as well as being easily serviceable. A specifically developed containment system prevents the waste from leaching into the underground water and the waste can be pumped out which ensures that the pit does not have to be rebuilt on another site when it is full.

To date, 277 units have been installed in South Africa and Sanitech also works in conjunction with various companies as part of their Corporate Social Responsibility ("CSR") initiatives to install these units in rural schools and informal settlements.

CSR at Ethos

In addition to creating positive environmental and societal change through its investment activities, Ethos also takes its own CSR activities seriously and aligns with the UN Sustainable Development Goal 4 (Quality Education, target 4.B). The Social Impact Programme implemented at Ethos has provided bursaries in conjunction with the Tomorrow Trust, enabled Adult Basic Education Training ("ABET") for Ethos staff, contributes to the Bram Fischer Memorial Trust at Grey College and provides educational opportunities through the Student Sponsorship Programme ("SSP").

There is also a strong social conscience within the Ethos staff who contribute to and lead on Mandela Day initiatives, support local communities and businesses through charitable organisations such as Rays of Hope, Food & Trees for Africa, Native Nosi, Greenable and Sweethearts. Some case studies are provided with more information in the Ethos Sustainability Report for 2018:

Adult Basic Education Training

Ethos has supported staff members participating in the programme since February 2016. In January 2019, two staff members completed and received their Level 4 Numeracy certificates and progressed to Level 4 Literacy, completing the ABET programme in December 2019. The results of the programme were considerably more than expected; with the Ethos ABET learners growing in confidence and personal development over the past year.

Student Sponsorship Programme

Established in 2000, SSP provides educational opportunities to hundreds of South African students from low income families to attend the best secondary schools in Gauteng and the Eastern Cape. Since the millennium, SSP has awarded over 1,500 high school scholarships, with 98% of scholars progressing onto higher education.

Ethos is proud of the long-standing partnership with SSP. To date, Ethos has sponsored 15 years of private school fees in Gauteng. Ethos also introduced a mentorship programme to provide additional support to the learners, together with vacation work opportunities.

Food & Trees for Africa

Food & Trees for Africa was the first South African social enterprise that developed, promoted and facilitated greening, climate change action, food security and sustainable natural resource use and management.

Since 1990, over 4.2 million trees, 1000's of permaculture food gardens, bamboo projects and organic farms have been planted for poor communities. Many of Ethos' staff have elected, in honour of their birthdays, to donate a tree in barren landscapes to offset carbon emissions towards a greener, more sustainable and lower carbon South Africa.

Over the last three years c.90 Ethos trees have been planted. At the beginning of 2019, Ethos donated R6,345 towards the planting of trees at two beneficiary schools in Mpumalanga; Phelwane and Gigimani Primary Schools had both applied to FTFA for indigenous shade trees. The 47 trees will offset 17.41 tonnes of CO_2 over a 40 year life span. Trees planted included Natal Mahogany, Sausage Tree and Water Berry.

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and for the preparation, integrity and objectivity of the Group's Annual Financial Statements and the other information contained in this Integrated Annual Report.

The Directors are also responsible for the Company's systems of internal financial controls and accounting and information systems to provide reasonable, but not absolute, assurance regarding the safeguarding of assets and to reduce the risk of error, fraud or loss.

The Audit and Risk Committee meets with the external auditor to consider internal controls, the audit process and financial reporting. The external auditor has unrestricted access to all records, related information, Senior Advisors and the Audit and Risk Committee.

The Annual Financial Statements have been prepared in accordance with: International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act, insofar as they are applicable to Category 1 Global Business Licensed companies.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due; therefore, the Annual Financial Statements have been prepared on the going concern basis.

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer ("CFO"), Jean-Pierre van Onselen, CA(SA). The Directors are satisfied that the information included in the Annual Financial Statements fairly presents the Group and Company's results and financial position at the year-end.

The Annual Financial Statements were audited by the independent auditor, Deloitte. The independent auditor's unmodified report is presented on page 76.

Approval of the Annual Financial Statements

The Directors' report on pages 72 to 75 and the Annual Financial Statements and the notes to the Annual Financial Statements set out on pages 80 to 120, were approved by the Board and are signed on its behalf by:

Yvonne Stillhart
Chairperson of the Board

25 September 2020

Kevin Allagapen
Independent non-executive Director

REPORT FROM THE COMPANY SECRETARY

In accordance with section 166(d) of the Mauritius Companies Act, the Company Secretary certifies, to the best of its knowledge and belief, that the Company has lodged with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act for the year ended 30 June 2020.

For Ocorian (Mauritius) Limited
Company Secretary

25 September 2020

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") submits below its report for the financial year ended 30 June 2020.

Responsibilities of the ARC

The responsibilities of the ARC are detailed on page 54 of the Corporate Governance report. In discharging its responsibilities, the ARC, among other functions:

- examined and reviewed the Annual Financial Statements and other financial announcements to ensure balanced and fair presentation consistent with the application of appropriate accounting policies and standards;
- reviewed and considered the appropriateness of the going concern basis in preparing the Annual Financial Statements; and
- considered material risks and internal controls to the financial reporting and fraud.

Internal control and accounting systems

The ARC is responsible for assessing the systems of internal controls relating to financial and business processes and accounting and reporting systems of the Company. The Investment Advisor provides certain administrative and back-office services to Ethos Capital; hence the Company is largely reliant on its systems and controls. The ARC had discussions with representatives of the Investment Advisor, reviewed their internal control processes and procedures and held discussions with the external auditor on the results of their audit of the Group. The ARC is of the opinion that the systems of internal financial and business controls and financial reporting are effective and form a basis for the preparation of reliable financial statements.

Risk management

The ARC assists the Board to ensure a co-ordinated approach is applied to provide assurance on the recognition and management of significant risks facing the Company. The ARC is responsible for the development and periodic review and updating of a policy and framework for risk management and integration of the framework into the day-to-day activities of the Company and the activities provided by the Investment Advisor. The ARC believes the Company's systems and risk management processes are sufficiently effective to manage the risks of the Company. The Committee considered the key audit matters that are noted in the report of the external auditor on pages 76 to 79 of the Annual Financial Statements.

Internal audit

The ARC considered the need for an internal audit function and concluded that, given the nature of the Company's business and operations and the services provided by the Investment Advisor, an internal audit function is currently not required. This will be considered again in the next financial year.

Membership and meetings

The members of the ARC who served during the year are all independent non-executive Directors and are noted on page 55 of the Corporate Governance report. The ARC met three times during the year. The CEO, CFO and representatives of the external auditors attended ARC meetings by invitation.

Expertise and experience of the CFO

The ARC has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Jean-Pierre van Onselen CA(SA), as well as the adequacy of the resources of Ethos that are involved with the finance function to the extent that it relates to Ethos Capital.

External auditor and its report

The ARC considered and approved the audit fees and engagement of the external auditor, reviewed the external audit plan and subsequent report on the Annual Financial Statements, and considered for approval any non-audit services. There were no non-audit services during the financial year. The ARC received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte and the designated individual partner, Dinesh Munu. In addition, the ARC discussed the matter of their independence with the external auditors and satisfied itself regarding the independence of Deloitte South Africa and Deloitte Mauritius, respectively.

Deloitte has served as the external auditor of the Company for the past four years. IRBA issued a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation every 10 years, with effect from 1 April 2023. The ARC has reviewed the tenure of Deloitte and was satisfied that given this is the fifth financial year that Deloitte has been the auditors of the Company, this new rule would not impact the Company for another five years.

Recommendation to the Board

The ARC has reviewed and considered the Integrated Annual Report and the Annual Financial Statements and has recommended it for approval by the Board.

The ARC and the Board are satisfied that they have fulfilled their responsibilities as outlined in the Committee charter, during the year.

Kevin Allagapen
Chairman of the Audit and Risk Committee

25 September 2020

DIRECTORS' REPORT

The Board has pleasure in presenting its report to shareholders, together with the audited Annual Financial Statements for the year ended 30 June 2020.

Nature of business

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is registered and incorporated in Mauritius as a public company under the Mauritius Companies Act. As an investment holding company, it offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted private equity-type investments managed by Ethos Private Equity (Pty) Limited ("Ethos").

Financial overview

A review of the operational and financial results of Ethos Capital is included in the Chairperson's Report and CEO's Review on pages 7 to 14 of the Integrated Annual Report.

The Group, representing the Company and Black Hawk Private Equity Proprietary Limited ("Black Hawk"), which is deemed to be a controlled entity of the Company, had a net asset value ("NAV") of R1.712 billion at 30 June 2020 (2019: R1.786 billion), representing a NAV per share ("NAVPS") of R6.65 (2019: R11.34). Total assets of the Group amounted to R1.905 billion at 30 June 2020 (2019: R1.929 billion).

The auditors assessed that Black Hawk is, in accordance with IFRS 10, under the control of the Company and that it should be treated as a controlled entity of the Company and thereby Group (consolidated) Annual Financial Statements were prepared. The Board, and the Directors of Black Hawk, considered the commercial and legal arrangements and came to a different conclusion that the Company has no power, control or influence on the decisions of Black Hawk.

The Company ended its financial year with a NAV of R1.856 billion (2019: R1.921 billion), which equates to a NAVPS of R6.85 (2019: R11.23). The Group and Company achieved a comprehensive loss over the financial year of R809.1 million (2019: Comprehensive income R40.9 million) and R799.7 million (2019: Comprehensive income R40.9 million) respectively.

COVID-19 ("COVID")

In late March 2020, the South African Government, like most other countries in the world, announced a National State of Disaster that has since been extended a few times, currently into October 2020. All non-essential businesses were forced to close-down during the initial "hard lockdown", which was gradually eased over the following months as the Government's risk-adjusted approach tried to gradually re-open the economy.

Whilst the underlying performance of the Portfolio Companies was impacted by the challenging economic and political environment during and pre the 2019 calendar year, the COVID crisis has had a severe negative impact on performance; 18 of the 24 Ethos Capital Portfolio Companies were fully or partially closed-down during the different lock-down phases.

Ethos has engaged extensively with the management teams of the Portfolio Companies, assisting them initially with developing plans to ensure business continuity and resolve liquidity challenges; and then shifting focus to preparing to ramp up as lockdown containment measures were lifted. Ethos directed significant resources to supporting the Portfolio Companies and harnessed the Ethos network, facilitating learnings through CEO forums and enabling access to best practice guidelines on managing through the crisis. These interventions helped to mitigate risk and limit the downside and most Portfolio Companies have experienced a gradual improvement in trading conditions as the lockdown restrictions continue to ease.

Throughout the COVID crisis, the Board and Investment Committee regularly monitored and discussed matters relating to the Group's liquidity, share price performance and the COVID impact on the underlying Portfolio Companies. The Board and its Members adhered to their respective local lock-down restrictions throughout the time and due to border closings, the September 2020 Board and Committee meetings were held electronically with the two local Directors in attendance in Mauritius as per the requirements.

COVID had a significant impact on Portfolio Company valuations, both from its impact on maintainable EBITDA and increased net debt to reflect the increased levels of working capital required to resume trading post-lockdown, and also valuation multiples of the Portfolio Companies. Whilst the valuation multiples of some sectors did increase towards the end of Q2 2020, Ethos decided to keep most of the multiples at similar levels to March 2020 until the sustainability of the rally and Portfolio Company performance could be ascertained. Assessing the level of maintainable EBITDA and net debt of each Portfolio Company, especially during these unprecedent times, requires a high degree of judgement by Ethos; therefore, the valuations of the unlisted portfolio are subject to a degree of uncertainty and the underlying assumptions may prove in time not to be entirely accurate.

More time is required to assess the full impact that the pandemic has had on these businesses however, the management teams are focused on revising their strategies to find ways to thrive in a post-COVID landscape. The tough measures focused on operating efficiencies and cashflow management will stand these businesses in good stead as the economic outlook hopefully returns to pre-COVID levels.

Trading statements

Due to the nature of the business conducted by the Company, the Board has decided to adopt the NAVPS as the relevant measure for trading statement and short-form announcement purposes.

The sustainability of the NAVPS and growth thereon over a longer period of time is considered a more appropriate measurement of financial performance, in comparison to headline earnings per share and earnings per share. This approach has been approved by the JSE.

Dividends

No dividend has been declared for the financial year ended 30 June 2020 (2019: Rnil).

Share capital

The Company restructured its share capital on 5 August 2016, and listed its A Ordinary Shares on the JSE. The issued share capital of the Company as at 30 June 2020 is set out in note 9 of the Notes to the Annual Financial Statements.

In February 2020, the Company completed a Rights Issue and issued a further 100,000,000 A Ordinary Shares at R7.50 per share.

As at 30 June 2020, the Company had 271,000,000 attributable A Ordinary Shares in issue (net of 9,000,000 treasury shares and 7,500,000 encumbered shares) and 10,000 B Ordinary Shares in issue. On a consolidated basis, the Group had 257,500,000 attributable A Ordinary Shares in issue, net of 22,500,000 treasury shares (including 13,500,000 Black Hawk shares) and 7,500,000 encumbered shares.

Share price and discount to NAV

Ethos Capital's shares trade on the JSE at prices that are independent of the Company's NAV; hence, the share price will not necessarily track the NAV performance. In theory, the share price reflects the market and shareholders' sentiment towards the NAV and future changes in it. During the year, the Company's shares traded at a discount to NAV. The closing share price at 30 June 2020 was R4.11 (2019: R7.80).

The Board is committed to a policy of enhancing long-term shareholder value and will continue to monitor the Company's share price performance and the discount to NAV and consider further share repurchases subject to liquidity levels. The intention is for any shares acquired by the Company to be held in treasury to enable the Company to reissue these shares should the Board elect to do so. A resolution to that effect will be put to the shareholders for approval at the Annual General Meeting ("AGM").

Repurchase of shares and authority

The cumulative total of A Ordinary Shares purchased to date and held in treasury at 30 June 2020, is 9,000,000 (2019: 9,000,000), representing 3.1% of the issued A Ordinary Shares of the Company.

The Company has a general authority to repurchase up to 5% of its A Ordinary Shares, in compliance with the applicable provisions of the JSE Listings Requirements and the Mauritius Companies Act. This authority will expire at the AGM on 17 November 2020. At this AGM, shareholders will be requested to approve a new general authority to repurchase up to a further 13,925,000 A Ordinary Shares, until the conclusion of the next AGM. This represents 5% of the A Ordinary Shares in issue, net of treasury shares, at the beginning of the financial year ending 30 June 2021, which would increase the cumulative treasury shares to 8.0% of the issued A Ordinary Shares of the Company.

A resolution will also be presented for the approval of the authority for the Company to issue the current treasury shares to the market, representing 9,000,000 A Ordinary Shares (3.2% of the Company's A Ordinary Shares in issue, net of treasury shares, at the date of the Notice of the AGM).

Corporate governance

Details regarding the Company's compliance and commitment to corporate governance practices are provided in the Governance report on page 51 and a specific register on the application of King IV is available at *https://ethoscapital.mu/investors/governance/*.

The Company is in compliance and is operating in accordance with its Constitution, the Mauritius Companies Act and all other applicable regulatory requirements.

Risk management and internal controls

The Board believes the Company's systems and risk management processes are sufficiently effective to manage Ethos Capital's risks and the systems of internal financial and business controls and financial reporting are effective and form a basis for the preparation of reliable financial statements. Further information is provided on page 58 of the Integrated Annual Report.

Board of Directors

The Board of Directors consists of five members who are all independent non-executive Directors. There were no changes to the Directors during the year. Further details are provided on pages 52 to 54 of the Corporate Governance report section in the Integrated Annual Report.

Directors' emoluments

The Remuneration Committee is responsible for the emoluments of the non-executive Directors. Details of the emoluments are provided in note 18 of the Notes to the Annual Financial Statements and the Remuneration Report is presented on pages 61 and 62 of the Corporate Governance Report in the Integrated Annual Report.

Subsequent events

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2020.

Board evaluation

The Board reviewed the performance of the Directors during the reporting year, the Board as a whole and the Board Committees, and deemed the individual and collective performances satisfactory and is satisfied that the Board and its Committees have fulfilled their responsibilities in accordance with the respective charters.

Company Secretary

The Company Secretary is Ocorian (Mauritius) Limited ("Ocorian").

The Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary.

Auditor

The Directors recommend the auditor, Deloitte, and Mr Dinesh Munu, as the designated audit partner, who have expressed their willingness to continue in office, be reappointed at the forthcoming AGM.

Going concern statement

The Board of Directors has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and be able to meet its outstanding commitments. Accordingly, the Board adopted the going concern basis in preparing the Annual Financial Statements.

Directors' interests in the Company

The Directors' interests in the share capital of the Company at 30 June 2020 are disclosed in note 27 of the Notes to the Annual Financial Statements.

Spread of shareholders

The shareholder spread and analysis of public and non-public shareholdings in the Company at 30 June 2020 are detailed in note 28 of the Notes to the Annual Financial Statements:

Signed on behalf of the Board of Directors:

Yvonne Stillhart
Chairperson of the Board

Kevin Allagapen
Independent non-executive Director

25 September 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of EPE Capital Partners Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of EPE Capital Partners Ltd ("the Group" and "Company") set out on pages 80 to 120, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of EPE Capital Partners Ltd as at 30 June 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' (IESBA) International *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unlisted investments (Consolidated and Separate Financial Statements)	
The Group has indirect interests in a diversified pool of unlisted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds") managed by Ethos Private Equity (Pty) Limited ("Ethos"). The Group also has Co-Investments in certain of the Portfolio Companies alongside the Funds. The fair value of these investments are determined using IFRS 13 *Fair Value Measurement* and International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. These investments are disclosed in note 4 "Unlisted Investments at Fair Value" of the Notes to the consolidated and separate financial statements with a total value of R1,892 million. The Directors receive year-end net asset value ("NAV") statements of the Funds from Ethos. The NAV amounts are primarily calculated based on the individual fair values of each Fund's underlying Portfolio Companies, which are valued by Ethos. The "Earnings Multiple" methodology employed by Ethos, and described in note 3.9 "Critical Judgements and Accounting Estimates" of the notes to the consolidated and separate financial statements, to value the underlying Portfolio Companies is subject to various judgements. In determining a reasonable valuation multiple, Ethos develops a benchmark multiple with reference to the multiples of comparable companies. The benchmark multiple is adjusted for points of difference between the Portfolio Company and the comparable companies relating to risk profile (geographic, operational, financial and liquidity factors, and growth prospects). We have identified the significant judgements, namely the selection of comparable companies and adjustments made to the earnings multiple, to be a key audit matter due to the sensitivity of the adjustments and the degree of subjectivity involved. In addition the extent and appropriateness of the impact of the COVID pandemic and resultant lockdown on the above assumptions in Ethos management's valuations required consideration from the audit team with the support of our specialists and involved discussions with management. The disclosure associated with the valuation of unlisted investment is set out in the consolidated annual financial statements in Note 4 and 25 – Unlisted Investments at Fair Value.	We assessed the valuation methodologies to ensure that they are appropriately applied in terms of IFRS 13 *Fair Value Measurement* and the IPEV Guidelines and challenged the assumptions used in the valuations as follows: • Assessed the design and implementation of the relevant key controls within the Group and Ethos, with a specific focus on those controls mitigating risk of fair value inaccuracies; • Assessed the appropriateness of the valuation method applied in determining fair value of the unlisted investments; • Reviewed the appropriateness and consistency of the comparable companies used in determining the earnings multiples applied in determining the fair value of the unlisted investments; • Critically assessed all discounts or premiums applied to the comparable companies' weighted average multiples to confirm these adjustments were fully supported, of sound business logic and fell within a range of acceptable industry norms; • Selected data inputs used in the valuation model of the investments' valuation, including the market capital and elements of earnings to ensure the accuracy, reliability and completeness of these inputs; • Compared the NAV recorded by the directors and those recorded by Ethos to ensure no material differences were identified; and • Reviewed the disclosure of the unlisted investments in the consolidated and separate financial statements to ensure the requirements of IFRS were met. While we note that there is increased estimation uncertainty in relation to the valuation of unlisted investments as a result of COVID, we have found the models used for the investment valuations and assumptions applied by Ethos management in the valuation models to be within a reasonable range. We assessed the disclosure of the unlisted investment and the fair value thereof against the requirements of IFRS 13 Fair Value Measurement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Ethos Capital Integrated Annual Report for the year ended 30 June 2020, which includes the Directors' Report, the Report of the Audit and Risk Committee, the Report from the Company Secretary and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of EPE Capital Partners Ltd and the Group for five years.

Deloitte & Touche
Registered Auditor
Per: Dinesh Munu
Partner
25 September 2020

5 Magwa Crescent
Waterfall City
Johannesburg
2090

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	Group 30 June 2020 R'000	Group 30 June 2019 R'000	Company 30 June 2020 R'000	Company 30 June 2019 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	4	1,891,743	1,427,261	1,891,743	1,427,261
Total non-current assets		1,891,743	1,427,261	1,891,743	1,427,261
Current assets					
Other assets and receivables	5	4,717	16,382	4,715	16,380
Income tax receivable	6	622	359	622	359
Money market investments at fair value	7	–	481,034	–	481,034
Cash and cash equivalents	8	7,993	3,576	7,504	3,097
Total current assets		13,332	501,351	12,841	500,870
Total assets		1,905,075	1,928,612	1,904,584	1,928,131
Equity and liabilities					
Capital and reserves					
Issued capital	9	2,291,272	1,555,945	2,426,272	1,690,945
(Accumulated losses)/retained earnings	10	(579,522)	229,604	(570,064)	229,604
Total equity		1,711,750	1,785,549	1,856,208	1,920,549
Non-current liabilities					
Borrowings	11	184,949	133,093	40,000	–
Other financial liabilities	12	–	2,388	–	–
Total non-current liabilities		184,949	135,481	40,000	–
Current liabilities					
Other liabilities and payables	13	8,376	7,582	8,376	7,582
Total current liabilities		8,376	7,582	8,376	7,582
Total equity and liabilities		1,905,075	1,928,612	1,904,584	1,928,131
Net asset value		1,711,750	1,785,549	1,856,208	1,920,549
Basic net asset value per share (Rand)	22.2	6.65	11.34	6.85	11.23
Attributable shares in issue at end of the year ('000)	22.2	257,500	157,500	271,000	171,000

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Group Year ended 30 June 2020 R'000	Group Year ended 30 June 2019 R'000	Company Year ended 30 June 2020 R'000	Company Year ended 30 June 2019 R'000
Revenue					
Changes in fair value of investments through profit or loss	14	(797,592)	5,035	(797,592)	5,035
Investment income	15	17,053	51,895	17,041	51,882
Net fair value losses	16	(279)	(26)	(279)	(26)
Total (losses)/revenue		(780,818)	56,904	(780,830)	56,891
Expenses					
Administration fees	17.1	(661)	(1,993)	(661)	(1,993)
Legal and consultancy fees	17.2	(1,706)	(982)	(1,706)	(982)
Other operating expenses	17.3	(9,406)	(8,902)	(9,404)	(8,897)
Finance costs	17.4	(12,799)	(8)	(3,331)	–
Total expenses		(24,572)	(11,885)	(15,102)	(11,872)
(Loss)/profit before tax		(805,390)	45,019	(795,932)	45,019
Income tax expense	19	(3,736)	(4,135)	(3,736)	(4,135)
(Loss)/profit for the year		(809,126)	40,884	(799,668)	40,884
Other comprehensive income for the year		–	–	–	–
Total comprehensive (loss)/income for the year		(809,126)	40,884	(799,668)	40,884
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share (Rand)	22.1	(4.13)	0.26	(3.82)	0.24

The above relates to continuing operations as no operations were acquired or discontinued during the year.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Group	Notes	Year ended 30 June 2020 Issued capital R'000	Retained earnings/ (accumulated losses) R'000	Total equity R'000
Balance at 1 July 2019		1,555,945	229,604	1,785,549
Net proceeds from issue of Ordinary Shares		735,327	–	735,327
Total comprehensive loss for the year		–	(809,126)	(809,126)
Balance at 30 June 2020		2,291,272	(579,522)	1,711,750

	Notes	Year ended 30 June 2019 Issued capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018		1,584,031	188,720	1,772,751
Buyback of ordinary shares		(28,086)	–	(28,086)
Total comprehensive income for the year	10	–	40,884	40,884
Balance at 30 June 2019		1,555,945	229,604	1,785,549

Company	Notes	Year ended 30 June 2020 Issued capital R'000	Retained earnings/ (accumulated losses) R'000	Total equity R'000
Balance at 1 July 2019		1,690,945	229,604	1,920,549
Net proceeds from issue of Ordinary Shares		735,327	–	735,327
Total comprehensive loss for the year		–	(799,668)	(799,668)
Balance at 30 June 2020		2,426,272	(570,064)	1,856,208

	Notes	Year ended 30 June 2019 Issued capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018		1,719,031	188,720	1,907,751
Buyback of ordinary shares		(28,086)	–	(28,086)
Total comprehensive income for the year	10	–	40,884	40,884
Balance at 30 June 2019		1,690,945	229,604	1,920,549

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		Group		Company	
	Notes	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Cash flows from operating activities					
Cash generated by/(used in) operations	21	686	(25,188)	688	(25,183)
Interest income from cash and bank balances	15	607	440	595	427
Finance costs paid		(3,331)	–	(3,331)	–
Income tax paid		(3,999)	(5,533)	(3,999)	(5,533)
Net cash used in operating activities before investing activities		(6,037)	(30,281)	(6,047)	(30,289)
Cash flows from investing activities					
Net cash flow from non-current investments		(1,262,074)	(710,301)	(1,262,074)	(710,301)
Payments to acquire non-current investments		(1,275,563)	(716,928)	(1,275,563)	(716,928)
Proceeds on disposal of non-current investments		15,811	5,888	15,811	5,888
Interest received from non-current investments		2,249	5,060	2,249	5,060
Dividends received from non-current investments		22,984	19,083	22,984	19,083
Investment-related expenses		(27,555)	(23,404)	(27,555)	(23,404)
Net cash flow from current investments		497,195	758,808	497,195	758,808
Payments to acquire money market investments		(617,555)	(1,447,679)	(617,555)	(1,447,679)
Proceeds on maturities and disposals of money market investments		1,092,028	2,140,026	1,092,028	2,140,026
Interest received from money market investments		22,722	66,461	22,722	66,461
Net cash (used in)/generated by investing activities		(764,879)	48,507	(764,879)	48,507
Cash (used in)/generated by operating and investing activities		(770,916)	18,226	(770,926)	18,218
Cash flows from financing activities					
Proceeds from issue of ordinary shares		750,000	–	750,000	–
Payment for share issue costs		(14,673)	–	(14,673)	–
Proceeds from borrowings		40,000	–	40,000	–
Payment for buyback of ordinary shares		–	(28,086)	–	(28,086)
Net cash generated by/(used in) financing activities		775,327	(28,086)	775,327	(28,086)
Net increase/(decrease) in cash and cash equivalents		4,411	(9,860)	4,401	(9,868)
Cash and cash equivalents at the beginning of the year		3,576	13,414	3,097	12,943
Effects of exchange rate changes on the balance of cash held in foreign currencies	16	6	22	6	22
Total cash and cash equivalents at the end of the year	8	7,993	3,576	7,504	3,097

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 General information

EPE Capital Partners Ltd ("Ethos Capital", "the Company" or "the Group") was registered and incorporated in Mauritius as a private company on 26 May 2016 under the Mauritius Companies Act, and was converted to a public company on 15 July 2016. The Company is licensed as a Category One Global Business Company by the Financial Services Commission of Mauritius and is designed to offer shareholders long-term capital appreciation by investing into Funds or Co-Investments that provide the Group exposure to a diversified portfolio of unlisted private equity-type investments.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

The following new and revised standards and interpretations are relevant to the Group and have been adopted in these Group (consolidated) and Company Annual Financial Statements (collectively referred to as "Annual Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Summarised Annual Financial Statements but may have affected the accounting and disclosure of transactions and arrangements. These standards are effective for companies with financial year-ends beginning on or after the effective date as noted for each standard.

Standard	Subject	Effective date
New		
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments/Improvements		
IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (not relevant to the Group)	1 January 2019
IAS 19	Employee Benefits – Plan Amendment, Curtailment or Settlement	1 January 2019

IFRS 16 Leases

The Group currently has no leases and it is not expected to have any in the foreseeable future.

IFRIC 23 Uncertainty over Income Tax Treatments

The current alignment of the accounting profits and the Mauritian tax legislation results in this having no impact on the Group.

IFRS 9 Prepayment Features

The Group does not make prepayments on financial assets and other changes has not impacted its current borrowings.

IAS 19 Employee Benefits

The Group does not currently have any employees.

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

The standards issued but not yet effective for the financial year ended on 30 June 2020 that might be relevant to the Group and not implemented early, are as follows:

Standard	Subject	Effective date
Amendments/Improvements		
Various	*References to the conceptual framework in IFRS standards*	1 January 2020
IFRS 3	*Definition of a business*	1 January 2020
IAS 1 and IAS 8	*Definition of material*	1 January 2020
IFRS 9, IAS 39 and IFRS 7	*Interest rate benchmark reform*	1 January 2020
IFRS 16	*COVID-19 related rent concessions*	1 January 2020
IAS 1	*Classification of liabilities as current or non-current*	1 January 2023
Various	*Annual improvements to IFRS: 2018-2020 cycle*	1 January 2022

The Directors have assessed the potential impact post the adoption of these standards and amendments on the Group's results and reasonably expect (based on the current assets, liabilities and operating business model) there to be no material impact on the measurement or disclosure in the Annual and Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above, and based on the assessment of some key and relevant assessments below:

IAS 1 and IAS 8

The Group has already applied the principle of materiality in the preparation and disclosure of financial information in these Annual Financial Statements.

3 Significant accounting policies

3.1 Basis of preparation

These Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE, and the requirements of the Mauritius Companies Act in so far as applicable to Category One Global Business Licensed companies.

The accounting policies applied in the preparation of these Annual Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year and with IFRS, except for the adoption of the IFRS revisions as noted previously. These however have not resulted in material changes to the Group's results and/or disclosures.

The Annual Financial Statements have been prepared under the historical cost basis except for financial instruments and investments which are measured at fair value.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due, therefore these Annual Financial Statements have been prepared on the going concern basis

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 25 September 2020.

3.2 Basis of consolidation

The Group (consolidated) Annual Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

Controlled entities, including unincorporated entities, controlled by the Group. The Group controls an entity when it has power over and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are consolidated from the date on which the Group acquires control, up to the date that control ceases.

When the Company has less than a majority of the voting rights of a controlled entity, it has power over the controlled entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the controlled entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a controlled entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3 Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of controlled entities is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

There were no intercompany transactions and/or balances between the Group companies that otherwise needed to be eliminated on consolidation.

3.3 Financial assets

Financial assets relevant to the Group are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised in the Statements of Financial Position when the Group becomes party to the contractual terms of the instruments. The Group's financial assets that are categorised as FVTPL include unlisted investments at fair value and money market investments at fair value. Cash and bank balances, other assets and receivables are categorised as loans and receivables.

3.3.1 Financial assets at FVTPL

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. The investments are categorised as follows:

Primary	initial commitments made into Funds during a fundraising process.
Secondary	subsequent acquisitions of existing commitments from another Limited Partner.
Direct	acquisition of interests in underlying Portfolio Companies alongside the relevant Funds where the Funds require co-investors. These Co-Investments will be in addition to the Funds' participation via the Limited Partners' commitments and the Group's participation is structured via either a commitment into a separate Fund, that will then invest directly into the Portfolio Company, or a direct investment into the Portfolio Company.

In addition to the above Investment Strategy, cash that is surplus to investments and working capital needs, is invested in a portfolio of low-risk and liquid debt instruments, categorised as Temporary Investments. These Temporary Investments are held at fair value and any discount/premium to the par value, is amortised over the residual hold period of the investment and included as interest income in the Statements of Comprehensive Income.

As noted above, the Group's core unlisted investments are made via commitments into Ethos-managed Funds. This commitment is not funded upfront when the commitment is made, but is drawn down via cash funding request ("capital calls") over the life of the Fund as required. The Fund has an investment period which typically expires five years after the final Fund closing date. The purpose of the capital calls during the investment period is to fund new and follow-on investments into Portfolio Companies, and to cover any operating expenses of the Fund. After the investment period ("realisation period"), capital calls will be requested to fund follow-on investments into existing Portfolio Companies, operating expenses of the Fund and any other potential obligations of the Fund. Portfolio Companies could be realised, partially or in full, during either of the above periods which will result in cash receipts by the Group. Depending on the nature of the realisation proceeds, the receipts will be classified as capital distributions and/or income distributions.

3 Significant accounting policies (continued)

3.3 Financial assets (continued)

3.3.1 Financial assets at FVTPL (continued)

As per note 3.9, the Group determines the fair value of the Funds and Co-Investments (Direct Investments), based on the net asset value ("NAV") of each Fund, and will recognise the unrealised appreciation/depreciation in the Annual Financial Statements. The NAV is derived from the fair value assessment of the Portfolio Companies, cash resources and income (accrued or undistributed) and expenditure (incurred or accrued) of the Fund.

The Group's policies in respect of the treatment of the investment in the Funds through capital calls, the fair value movements on the Funds' NAV and the distributions are as follows:

Investment capital calls	the amount is included in the cost of unlisted investments at fair value.
Expenses capital calls	the amount is included within expenses and allocated to the specific expense category.
Capital distributions	the amount relating to a return of cost of investment is credited to the cost of unlisted investments at fair value and the amount relating to gains or losses is recognised as such in the Statements of Comprehensive Income.
Income distributions	the amount is recognised as investment income in the Statements of Comprehensive Income, per the revenue recognition policy as stated in note 3.5.
Unrealised fair value appreciation/depreciation	any amount that relates to income or expenses of the Fund will be treated as such in the Statement of Comprehensive Income and any such income or expenses not yet received or paid will be recognised as accrued income (see note 3.5 on revenue recognition) or accrued expenses on the Statements of Financial Position. Any other amount will be treated as a capital unrealised fair value adjustment in the Statements of Comprehensive Income and included within unlisted investments at fair value on the Statements of Financial Position.

3.3.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include other assets and receivables and cash and bank balances. These are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the effect of discounting is immaterial.

The carrying amounts of loans and receivables are assessed at the end of each reporting period for indicators of impairment. Impairment is relevant when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the asset have been affected. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the Statements of Comprehensive Income.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.3 Financial assets (continued)

3.3.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Comprehensive Income.

3.4 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.4.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. The Group's equity consists of A and B Ordinary Shares.

3.4.2 Treasury shares

Ordinary Shares that were repurchased by the Group and which are deemed to be under the control of the Group, are classified as treasury shares. The cost of treasury shares is deducted from equity in the Statements of Financial Position and shown as such on the Statements of Changes in Equity. The number of treasury shares is deducted from the issued and weighted average number of shares in issue. No gain or loss is recognised in the Statements of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.4.3 Financial liabilities

The Group's financial liabilities, classified as other financial liabilities, consist of borrowings, other financial liabilities and other liabilities and payables. The liabilities are measured at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums of discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of initial recognition.

3.4.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statements of Comprehensive Income.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.5.1 Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, net of any anticipated impairments. Interest income is included as investment income in the Statements of Comprehensive Income. Any discount to par achieved on money market instruments is amortised to cost over the maturity period of the investment and recognised as interest income, whereas any premium paid to par on such investments is amortised against the cost of the investment over its residual hold period and recognised as a charge against interest income.

3.5.2 Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Dividend income is included as investment income in the Statements of Comprehensive Income.

3.5.3 Investment gains/losses are recognised if any fair value adjustments relating to investments held at fair value are required and are included as fair value gains/losses in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.6 Foreign currency transactions

3.6.1 Functional and presentation currency

Items included in the Annual Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Annual Financial Statements are presented in South African Rand ("ZAR"), the Group's functional currency.

3.6.2 Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities outstanding at the reporting period are recognised in profit or loss.

Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into ZAR at the closing rate ruling at that date. At 30 June 2020, the applicable rate used to translate foreign currency balances was US$:ZAR 17.3675.

3.7 Taxation

Taxation consists of Mauritian income tax, chargeable on income-related items only (capital gains are not taxed), and withholding taxes on foreign investment income earned.

Current income tax is the expected tax payable on the taxable profit for the current financial year, based on rates that have been enacted or substantively enacted by the end of the financial year. To the extent that the Group incurred withholding taxes on foreign investment income, such income is recorded as a gross amount in the Statements of Comprehensive Income and withholding taxes are included in the taxation expense in the Statements of Comprehensive Income.

The Group has no temporary differences between its accounting and taxable profits and hence no deferred tax has been provided.

3.8 Segmental reporting

Since the Group has only one business segment, and all its investments are managed as one segment with the Board making commitments into private equity-type investments, segmental reporting is not applicable. While these private equity-type investments are potentially made in multiple industry sectors, the Board does not make its decisions or monitor investment performance individually as relevant to these sectors.

3.9 Critical judgement and accounting estimates: valuation of unlisted investments

The basis of valuation of all investments is fair value. Fair value is determined as of the end of each quarter. All investments are valued in accordance with IFRS and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

As stated above, the Group's investments mainly comprise drawn commitments into Funds, which in turn invests in Portfolio Companies in which the Group has an indirect interest. In addition, the Group can also invest directly into a Portfolio Company (Co-Investments).

The General Partners of these Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund or Co-Investments. The Investment Advisor's valuations, as prepared in December, are audited annually by its auditor and, its valuations, as prepared in June, are audited by the Group's auditor.

The Investment Advisor determines the individual fair value of each Portfolio Company and the Fund's NAV at the end of each quarter and the June and December valuations and NAV are approved by its Board of Advisors. The policy of the Investment Advisor to determine the fair value of the Portfolio Companies, which is in accordance with the IPEV Valuation Guidelines, is noted below.

At each reporting date after the initial acquisition date, an assessment is made of the fair value of the investment to determine any required changes in the fair value of the investment. An earnings multiple methodology is generally applied, although other methods are available and might be considered more appropriate, e.g. a discounted cash flow ("DCF") method.

3 Significant accounting policies (continued)

3.9 Critical judgement and accounting estimates: valuation of unlisted investments (continued)

In terms of the earnings multiple method, an appropriate and reasonable valuation multiple is applied to the maintainable earnings of the investment. For each investment an earnings before interest, tax, depreciation and amortisation ("EBITDA") or an earnings before interest after tax ("EBIAT") multiple is generally considered appropriate to determine the enterprise value for the investment. In deriving a reasonable valuation multiple, the Investment Manager develops a benchmark multiple, generally with reference to the multiples of comparable publicly traded companies adjusted for finance costs (i.e. multiples have been degeared). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, liquidity factors and growth prospects).

Maintainable earnings are typically based on historical earnings figures that are considered to be appropriate and relevant. Once an enterprise value has been determined, it is adjusted for surplus assets, excess liabilities, and financial instruments ranking ahead of the Fund's investments. The resultant attributable enterprise value is then apportioned to all investors, included in the Fund's investments, based on their respective participation in each underlying security of the Portfolio Company.

Assessing the level of maintainable EBITDA and net debt of each Portfolio Company, especially during these unprecedent times, requires a high degree of judgement by Ethos; therefore, the valuations of the unlisted portfolio are subject to a degree of uncertainty and the underlying assumptions may prove in time not to be entirely accurate.

The discounted cash flow method is used to derive the enterprise value of the investment using reasonable assumptions on the estimations of expected future post-taxation cash flows and the terminal value (free cash flows to the Firm), and discounting to the present value by applying the appropriate risk-adjusted rate that captures the risk inherent to the projection's weighted average cost of capital ("WACC"). To arrive at an appropriate equity value, an adjustment for net indebtedness will be made. Where appropriate, an adjustment to the valuation would be made for surplus non-operating assets and liabilities in the investment.

In some valuations, the use of free cash flow to equity might be preferred.

The length of period for which it would remain appropriate to use this valuation technique will depend on the specific circumstances of the investment and is subject to the judgement of the General Partner.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving the type of securities in which the Funds invests. Therefore, the fair values presented herein may not be indicative of the amount the Funds could realise in a current transaction.

3.10 Net asset value per share

The Group calculates and presents the Group and Company's net asset value per share ("NAVPS"), which is not required in terms of IFRS. The Board is of the view that given the nature of the Group's business, the sustainability of the NAV and NAVPS, and the growth thereon over a longer period is considered the most appropriate measurement of the Group's financial performance.

In calculating the NAVPS, the Group and Company's NAV, as presented in the Statements of Financial Position, is divided by the number of shares as disclosed in note 9. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at year-end, less treasury shares and less the notionally encumbered shares.

3.11 Going concern

The Directors believe the Group has adequate resources and / or options available to them to settle its obligations as and when they become due, therefore these Annual Financial Statements have been prepared on the going concern basis.

4 Unlisted investments at fair value

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. Alternatively, the Group can also make Co-Investment commitments to invest into Portfolio Companies alongside the Funds.

At 30 June 2020, the Group had the following investments:

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Investments held at fair value through profit or loss				
Carrying amounts of:				
Unlisted investments	1,891,743	1,427,261	1,891,743	1,427,261
	1,891,743	1,427,261	1,891,743	1,427,261
Comprising:				
Cost	2,664,271	1,397,427	2,664,271	1,397,427
Unrealised capital revaluation movement at the end of the year	(911,569)	(48,366)	(911,569)	(48,366)
Accrued income	139,041	78,200	139,041	78,200
	1,891,743	1,427,261	1,891,743	1,427,261
Underlying Portfolio Companies consisting of:				
Unlisted investments	1,438.999	1,427,261	1,438.999	1,427,261
Listed investments	452,744	–	452,744	–
	1,891,743	1,427,261	1,891,743	1,427,261

The investments consisted of the following ten investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2020 %	Cost 30 June 2020 R'000	Valuation 30 June 2020 R'000	Income distributions received 30 June 2020 R'000	Devaluation 30 June 2020 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII[(1)]	61.0	798,290	667,713	14,741	(130,577)
EMMF I[(2)]	37.9	584,235	390,772	99	(193,463)
EDI[(3)]	2.4 – 5.7	690,530	378,139	4,950	(312,391)
EHP[(4)]	18.1	93,513	116,778	–	–
EAiF I[(5)]	26.5	94,575	112,704	3,552	–
Primedia Holdings (Pty) Ltd	4.4	144,247	79,177	–	(65,070)
EMM Direct[(6)]	8.8	110,891	61,027	–	(49,864)
EF VI[(7)]	1.4	93,325	47,793	–	(45,532)
EMP 3[(8)]	14.9	36,866	22,794	1,891	(14,072)
Ster Kinekor Theatres Pty Ltd	4.4	17,799	14,846	–	(2,953)
		2,664,271	1,891,743	25,233	(813,922)

(1) Ethos Fund VII (B) Partnership.
(2) Ethos Mid Market Fund I (B) Partnership.
(3) Ethos Direct Investment Partnership.
(4) Ethos Healthcare (A) Partnership.
(5) Ethos Ai Fund I (B) Partnership.
(6) Ethos Mid Market Direct Investment Partnership.
(7) Ethos Fund VI (Jersey) LP.
(8) Ethos Mezzanine Partners 3.

4 Unlisted investments at fair value (continued)

The valuation (or NAV) of each investment is representative of its fair value and also represents the net assets of each.

The devaluation results from specific provisions made against certain of the underlying Portfolio Companies within each Fund or Co-Investment that are currently underperforming relative to its acquisition value, that in aggregate, devalues the NAV of the Group's investments to below its cost. Furthermore, the devaluation also related to the fair value of certain underlying listed investments that are reflected at the prevailing share price that currently is lower than the acquisition cost.

The above devaluation is largely attributable to the COVID-19 pandemic that had a significant impact on the underlying Portfolio Company valuations, both from its impact on maintainable EBITDA and increased net debt to reflect the increased levels of working capital required to resume trading post-lockdown, and also a reduction in the valuation multiples of the Portfolio Companies, largely driven by a reduction in the public market prices. Whilst the valuation multiples of some sectors did increase towards the end of Q2 2020, Ethos decided to keep most of the multiples at similar levels to March 2020 until the sustainability of the rally and Portfolio Company performance could be ascertained.

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2019 %	Cost 30 June 2019 R'000	Valuation 30 June 2019 R'000	Income distributions received 30 June 2019 R'000	Devaluation 30 June 2019 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EMMF I[(1)]	38.9	527,182	491,933	2,660	(35,249)
EF VII[(2)]	61.0	254,322	278,690	11,523	–
Primedia Holdings (Pty) Ltd[(3)]	4.4	162,046	182,420	2,004	–
EMM Direct[(4)]	7.5	97,710	107,029	2,986	–
EAiF I[(5)]	30.6	91,726	95,095	3,469	–
EDI[(6)]	2.1	85,390	93,572	3,869	–
EF VI[(7)]	1.4	98,003	92,114	141	(5,889)
EHP[(8)]	14.0	42,579	44,727	222	–
EMP 3[(9)]	14.9	38,469	41,681	3,157	–
		1,397,427	1,427,261	30,031	(41,138)

(1) Ethos Mid Market Fund I (B) Partnership.
(2) Ethos Fund VII (B) Partnership.
(3) Including the investment in Ster Kinekor Theatres Pty Ltd.
(4) Ethos Mid Market Direct Investment Partnership.
(5) Ethos Ai Fund I (B) Partnership.
(6) Ethos Direct Investment Partnership.
(7) Ethos Fund VI (Jersey) LP.
(8) Ethos Healthcare (A) Partnership.
(9) Ethos Mezzanine Partners 3.

Further details on the Ethos Funds Group invest in or alongside as a co-investor, are provided below:

Fund	Type	Vintage year	Target enterprise value	Target investment size
Ethos Fund VI	Large private equity	2011	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Fund VII	Large private equity	2018	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Mid Market Fund I	Mid-market private equity	2016	R0.5 billion – R1.5 billion	R100 million – R350 million
Ethos Ai Fund I	Co-Investment	2018	75% growth/25% early-stage growth equity	R100 million – R200 million
Ethos Healthcare Platform	Co-Investment	2018	n/a	n/a
Ethos Mezzanine Partners 3	Mezzanine and quasi-equity financing	2018	n/a	n/a

4 Unlisted investments at fair value (continued)

At 30 June 2020, the underlying investments (Portfolio Companies) of the above Funds constituting 99.3% of the total assets, consisted of the following 22 unlisted companies:

Company

Name	Fund or type	Economic interest %	Business description/sector	Percentage of total assets 30 June 2020 %
Channel VAS	EF VII/EAiF I/EDI	10.3	FinTech service provider	28.8
Virgin Active (Brait)	EF VII/EDI	7.8	Health club operator	12.8
Echo	EMMF I/EF VII	31.8	Corporate ISP	9.3
Premier (Brait)	EF VII/EDI	9.7	FMCG manufacturer	8.3
Vertice	EHP/EAiF I/EF VI	20.1	MedTech	8.1
Kevro	EMMF I/EMM Direct	16.6	Corporate clothing and gifting	6.1
Synerlytic	EMMF I	37.5	Specialised analytical and testing services	6.0
Primedia	EF VI/Direct	4.7	Media	4.4
Gammatek	EMMF I	20.2	TMT accessory distribution	3.8
TymeBank	EAiF I	2.1	Banking	2.1
Twinsaver	EF VI/EMMF I	7.5	FMCG manufacturer	1.7
New Look (Brait)	EF VII/EDI	1.8	Multi-channel fast-fashion brand	1.3
Autozone	EF VI/EMMF I	8.2	Automotive parts retailer & wholesaler	1.2
Chibuku	EMP 3	0.0	Brewing and distribution	1.2
MTN Zakhele Futhi	EMMF I	0.1	Telecommunications	1.1
Ster Kinekor	EF VI/Direct	4.7	Media (entertainment)	0.8
Eazi Access	EF VI/EMMF I	4.8	Industrial support services	0.6
The Beverage Company	EF VI	1.1	Carbonated drinks manufacturer	0.4
Neopak	EF VI	1.4	Paper and packaging	0.4
Waco International	EF VI	0.3	Industrial support services	0.4
Consol Glass (Brait)	EF VII/EDI	0.3	Manufacturer of glass packaging	0.3
RTT	EF VI	0.8	Logistics	0.2
				99.3

Further details on the investment portfolio and the underlying Portfolio Companies are provided in the Review of the Investment Portfolio and Returns section on page 16 of the Annual Integrated Report as at 30 June 2020.

Reconciliation of movements:

Group and Company	Cost 30 June 2020 R'000	Capital depreciation 30 June 2020 R'000	Accrued income 30 June 2020 R'000	Total 30 June 2020 R'000
Balance at 1 July 2019	1,397,427	(48,366)	78,200	1,427,261
Acquisitions	1,275,563	–	–	1,275,563
Realisations	(8,719)	(6,229)	(99)	(15,047)
Proceeds received	(15,811)	–	(25,233)	(41,044)
Reversal of unrealised gain on disposal	–	(6,229)	–	(6,229)
Current year gains (excess over 1 July 2019 balance)	7,092	–	25,134	32,226
Revaluation (decrease)/increase at the end of the year	–	(856 974)	60,940	(796 034)
Balance at 30 June 2020	2,664,271	(911,569)	139,041	1,891,743

4 Unlisted investments at fair value (continued)

Group and Company	Cost 30 June 2019 R'000	Capital appreciation/ (depreciation) 30 June 2019 R'000	Accrued income 30 June 2019 R'000	Total 30 June 2019 R'000
Balance at 1 July 2018	686,387	(15,483)	41,021	711,925
Acquisitions	716,928	–	–	716,928
Realisations	(5,888)	–	(1,557)	(7,445)
Revaluation (decrease)/increase at the end of the year	–	(32,883)	38,736	5,853
Balance at 30 June 2019	1,397,427	(48,366)	78,200	1,427,261

5 Other assets and receivables

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Prepayments	497	4,957	497	4,957
Other receivables	4,220	11,425	4,218	11,423
	4,717	16,382	4,715	16,380

The carrying amount of other assets and receivables approximates its fair value.

6 Income tax receivable

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Balance at 1 July 2019	359	(1,039)	359	(1.039)
Provisional payments	1,849	3,601	1,849	3,601
Provision for current year income tax	(1,586)	(2,203)	(1,586)	(2,203)
	622	359	622	359

The carrying amount of income tax payable approximates its fair value.

7 Money market investments at fair value

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Investments held at fair value through profit or loss:				
Carrying amounts of:				
Negotiable certificates of deposit	–	473,532	–	473,532
Cash and call accounts	–	7,502	–	7,502
	–	481,034	–	481,034
Consisting of:				
Cost	–	474,502	–	474,502
Unrealised capital revaluation movement at the end of the year	–	313	–	313
Accrued income	–	6,219	–	6,219
	–	481,034	–	481,034

7 Money market investments at fair value (continued)

The money market investments, or Temporary Investments, are managed by Ashburton Fund Managers Proprietary Limited ("Ashburton") under a discretionary investment management agreement dated 28 July 2016. These investments are invested in money market instruments that typically consist of a combination of floating rate notes, negotiable certificates of deposit ("NCD"), treasury bills and cash or call accounts.

Reconciliation of movements:

Group and Company	Cost 30 June 2020 R'000	Capital appreciation/ (depreciation) 30 June 2020 R'000	Accrued income 30 June 2020 R'000	Total 30 June 2020 R'000
Balance at 1 July 2019	474,502	313	6,219	481,034
Acquisitions	617,555	–	–	617,555
Maturities and disposals	(1,092,000)	–	(6 219)	(1,098,219)
Revaluation decrease at the end of the year	–	(313)	–	(313)
Amortisation of net discount	(57)	–	–	(57)
Balance at 30 June 2020	–	–	–	–

	Cost 30 June 2019 R'000	Capital appreciation/ (depreciation) 30 June 2019 R'000	Accrued income 30 June 2019 R'000	Total 30 June 2019 R'000
Balance as at 1 July 2018	1,166,963	387	21,085	1,188,435
Acquisitions	1,447,679	–	–	1,447,679
Maturities and disposals	(2,140,000)	–	(21,085)	(2,161,085)
Revaluation (decrease)/increase at the end of the year	–	(74)	6,219	6,145
Amortisation of net discount	(140)	–	–	(140)
Balance at 30 June 2019	474,502	313	6,219	481,034

8 Cash and cash equivalents

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Cash and bank balances				
Call account	2,129	1,795	2,129	1,795
Bank balances	5,864	1,781	5,375	1,302
	7,993	3,576	7,504	3,097

The carrying amount of cash and bank balances approximates its fair value.

9 Issued capital

	Group		Company	
	30 June 2020 Number	30 June 2019 Number	30 June 2020 Number	30 June 2019 Number
Authorised, issued and fully paid				
A Ordinary Shares issued at R10.00 per share	180,000,000	180,000,000	180,000,000	180,000,000
A Ordinary Shares issued at R7.50 per share	100,000,000	–	100,000,000	–
A Ordinary Shares issued at R0.01 per share	7,500,000	7,500,000	7,500,000	7,500,000
B Ordinary Shares issued at R0.01 per share	10,000	10,000	10,000	10,000
Total issued at time of listing	287,510,000	187,510,000	287,510,000	187,510,000
Black Hawk treasury shares (A Ordinary shares)	(13,500,000)	(13,500,000)	–	–
A Ordinary Shares repurchased	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)
Total issued share capital	265,010,000	165,010,000	278,510,000	178,510,000

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Issued and fully paid				
A Ordinary Shares issued at R10.00 per share	1,800,000	1,800,000	1,800,000	1,800,000
A Ordinary Shares issued at R7.50 per share	750,000	–	750,000	–
A Ordinary Shares issued at R0.01 per share	75	75	75	75
B Ordinary Shares issued at R0.01 per share	–	–	–	–
Less: Share issue costs	(49,389)	(34,716)	(49,389)	(34,716)
Total issued at time of listing	2,500,686	1,765,359	2,500,686	1,765,359
Black Hawk treasury shares (A Ordinary Shares)	(135,000)	(135,000)	–	–
A Ordinary Shares repurchased	(74,414)	(74,414)	(74,414)	(74,414)
Total issued share capital	2,291,272	1,555,945	2,426,272	1,690,945

On 5 August 2016, 180,000,000 and 7,500,000 A Ordinary Shares, ranking *pari passu*, were issued at an issue price of R10.00 and R0.01 per share respectively. The A Ordinary Shares were admitted to listing and trading on the JSE at that date. Each A Ordinary Share entitles the holder to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the A Ordinary Shares and to receive a proportion of the total net assets of the Company remaining upon its liquidation.

Costs that are directly attributable to the issue of all shares, amounting to R34,716,000, were capitalised and recognised as a deduction from share capital.

At the same time, 10,000 B Ordinary Shares were issued to the Trustees of the Ethos Private Equity Allocation Trust ("the EPE Trust"), at an issue price of R0.01 per share. These shares were not admitted to the JSE for listing and trading. The B Ordinary Shares are a mechanism to effect payment of the annual performance participation to the EPE Trust in the form of a cash dividend on the B Ordinary Shares, following the notional encumbrance termination date. The B Ordinary Shares therefore entitle the holders to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the B Ordinary Shares and, upon the A Ordinary Shares issued to the EPE Trust at R0.01 per share ceasing to be encumbered (refer to note 22), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

9 Issued capital (continued)

On 12 February 2020, the Company completed a Rights Issue whereby 100,000,000 A Ordinary Shares were issued at R7.50 per share. Costs amounting to R14,673,000 that are directly attributable to the share issue were capitalised and recognised as a deduction from share capital.

Further information on the A and B Ordinary Shares is provided in note 22.

Cumulative to date, the Company has purchased 9,000,000 A Ordinary Shares at an average price of R8.27 per share. These shares are currently held in treasury. As set out in note 20, the 13.5 million secured A Ordinary Shares that are legally owned by Black Hawk Private Equity (Pty) Ltd ("Black Hawk") and pledged as security, are treated as treasury shares of the Group at their par value of R10 per share.

10 Reserves

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Reserves consist of:				
Retained earnings				
Balance at 1 July	229,604	188,720	229,604	188,720
(Loss)/income for the year	(809,126)	40,884	(799,668)	40,884
Balance at 30 June	(579,522)	229,604	(570,064)	229,604

11 Borrowings

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Secured – at amortised cost				
Revolving credit facility	40,000	–	40,000	–
Unsecured – at amortised cost				
Loan facility	144,949	133,093	–	–
	184,949	133,093	40,000	–
Current	–	–	–	–
Non-current	184,949	133,093	40,000	–
	184,949	133,093	40,000	–

On 13 February 2020, the Company concluded a five-year revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank ("RMB") division) which expires on 12 February 2025. The credit facility is secured against the Company's assets and is capped at a maximum of 4.5x the Company's NAV (subject to some preagreed adjustments). R200 million of the facility is currently committed, with R500 million uncommitted. Interest currently accrues at a rate that is based on JIBAR plus a 3.5% margin. At 30 June 2020, R40 million of the facility has been drawn.

The Group has exposure to RMB via a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2020. Interest currently accrues at a rate that is based on JIBAR plus a 3.75% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

The carrying amount of the bank loans approximates their fair values.

12 Other financial liabilities

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Unsecured – at amortised cost				
Black Hawk shareholders' loans	–	2,388	–	–
	–	2,388	–	–
Non-current	–	2,388	–	–
	–	2,388	–	–

At inception, the Group had loan amounts repayable to the two Black Hawk shareholders of R15,000,000 each, which were used to acquire some of the secured shares pledged in favour of the Company in respect of the guarantee provided to RMB. Any unrealised or realised losses incurred by the Group, up to an amount of R30,000,000 representing the par value of above loans, are recoverable and therefore charged against the loans payable and treated as an unrealised gain to the Group in the Group Statement of Comprehensive Income. At 30 June 2020, cumulative losses of R30,000,000 have been charged against the loans.

The carrying amount of shareholders' loans approximates its fair value.

13 Other liabilities and payables

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Administration fees payable	6	211	6	211
Advisory fees payable	5,304	4,847	5,304	4,847
Other payables	3,066	2,524	3,066	2,524
	8,376	7,582	8,376	7,582

The carrying amount of other liabilities and payables approximates its fair value.

14 Changes in fair value of investments through profit or loss

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Income:				
Interest accrued and received on unlisted investments	56,619	43,184	56,619	43,184
Dividends accrued and received on unlisted investments	29,455	18,138	29,455	18,138
	86,074	61,322	86,074	61,322
Net loss arising on changes in the fair value of unlisted investments	(856,974)	(32,883)	(856,974)	(32,883)
Reversal of prior years' fair value gains on disposal	(6,229)	–	(6,229)	–
Gain on realisation of unlisted investments	7,092	–	7,092	–
	(856,111)	(32,883)	(856,111)	(32,883)
Expenses:				
Ethos fees	(23,679)	(15,343)	(23,679)	(15,343)
Fund formation fees	(2,625)	(1,934)	(2,625)	(1,934)
Expenses relating to the acquisition of investments	(469)	(2,988)	(469)	(2,988)
Other Fund operating expenses	(782)	(3,139)	(782)	(3,139)
	(27,555)	(23,404)	(27,555)	(23,404)
	(797,592)	5,035	(797,592)	5,035

15 Investment income

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Income:				
Interest from money market investments	16,503	51,595	16,503	51,595
Interest from cash and bank balances	607	440	595	427
Amortisation of net premium	(57)	(140)	(57)	(140)
	17,053	51,895	17,041	51,882
Analysis of investment income by category of asset:				
Interest earned from assets designated at fair value through profit or loss	16,446	51,455	16,446	51,455
Loans and receivables (including cash and bank balances)	607	440	595	427
	17,053	51,895	17,041	51,882

16 Net fair value losses

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Unrealised:				
Net loss arising on changes in the fair value of money market instruments	(313)	(74)	(313)	(74)
Net foreign exchange gain on conversion of cash and cash equivalents	6	22	6	22
	(307)	(52)	(307)	(52)
Realised:				
Gain on realisation of money market instruments	28	26	28	26
	28	26	28	26
Net fair value losses	(279)	(26)	(279)	(26)

17 (Loss)/profit before tax

(Loss)/profit before tax has been arrived at after charging:

17.1 Administration fees

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Administration fee – Ethos	331	966	331	966
Administration fee – Ashburton	330	1,027	330	1,027
	661	1,993	661	1,993

Refer to note 23 for information on how the fees are calculated.

17.2 Legal and consultancy fees

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Professional advisors' fees	1,706	982	1,706	982
	1,706	982	1,706	982

17 (Loss)/profit before tax (continued)

17.3 Other operating expenses

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Company secretarial, accounting and other administration fees	1,511	1,037	1,511	1,037
Directors' emoluments	4,401	4,117	4,401	4,117
Auditors' remuneration	1,443	1,204	1,443	1,204
Insurance costs	239	481	239	481
Sponsor and listing-related fees	726	694	726	694
Other expenses	1,086	1,369	1,084	1,364
	9,406	8,902	9,404	8,897

17.4 Finance costs

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Interest on secured bank loan	1,097	–	1,097	–
Commitment and transaction fees	2,234	–	2,234	–
Interest on unsecured bank loan	11,856	10,212	–	–
Less: Reimbursement by Black Hawk shareholders	(2,388)	(10,204)	–	–
	12,799	8	3,331	–

18 Directors' emoluments

The following emoluments were paid to the Directors during the year for their services as a Director:

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Derek Prout-Jones	1,640	1,575	1,640	1,575
Kevin Allagapen	383	336	383	336
Michael Pfaff	1,290	1,240	1,290	1,240
Yuvraj Juwaheer	383	336	383	336
Yvonne Stillhart	705	630	705	630
	4,401	4,117	4,401	4,117

19 Income tax expense

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Current tax				
In respect of the current year	1,586	2,203	1,586	2,203
Withholding tax on foreign sourced income received	2,150	1,932	2,150	1,932
Total income tax expense	3,736	4,135	3,736	4,135

The Group is liable for income tax at a rate of 15%. However, 80% of the Group's foreign sourced income, subject to certain requirements, is exempt from income tax , thus resulting in an effective tax rate of 3%. In addition to income tax, and where applicable, the Group incurs withholding tax on foreign sourced income received.

The income tax expense for the year can be reconciled to the accounting profit as follows:

Group and Company	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
(Loss)/profit before tax	(795,932)	45,019
Income tax (credit)/charge calculated at 15%	(119,390)	6,753
Adjustments for the effect of:		
Mauritian interest income exempt from taxation	(14)	(32)
Expenses that are not deductible in determining taxable profit	943	646
– Expenses relating to Fund formations	394	525
– Expenses relating to failed or aborted investment transactions	14	16
– Arrangement fee on bank loan	225	–
– Legal and consultancy fees deemed of a capital nature	310	105
Realised fair value gains not taxable	(1,068)	(4)
Unrealised fair value losses not deductible	129,526	4,941
Tax exemption on foreign investment income	(8,411)	(10,101)
Total adjustments	120,976	(4,550)
Withholding tax on foreign sourced income received	2,150	1,932
Income tax expense recognised in current year	3,736	4,135

20 Capital commitments and contingent liabilities

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Undrawn capital commitments:				
Consisting of unlisted investments in:				
EMMF I[1]	341,305	400,879	341,305	400,879
EMP 3[2][9]	200,201	211,454	200,201	211,454
EF VII[3][10]	–	997,678	–	997,678
EAiF I[4]	55,646	58,528	55,646	58,528
EF VI[5]	20,075	19,993	20,075	19,993
EDI[6]	–	14,560	–	14,560
EHP[7]	–	4,784	–	4,784
Primedia Holdings (Pty) Ltd[8]	–	1,605	–	1,605
	617,227	1,709,481	617,227	1,709,481
Contingent liabilities				
RMB Bank loan	–	–	144,949	133,093
	–	–	144,949	133,093
Total commitments and contingent liabilities	617,227	1,709,481	762,176	1,842,574

[1] *Final commitment of R950 million to Ethos Mid Market Fund I (B) Partnership on 7 June 2018.*
[2] *First close commitment of R250 million to Ethos Mezzanine Partners 3 (B) Partnership on 16 May 2018.*
[3] *First close commitment of R1.25 billion to Ethos Fund VII (B) Partnership on 1 October 2018.*
[4] *First close commitment of R150 million to Ethos Ai Fund I (B) Partnership on 1 October 2018.*
[5] *Commitment of $10 million (R142 million) to Ethos Fund VI (Jersey) LP on 18 November 2016.*
[6] *Final commitment of R100 million to Ethos Direct Investment Partnership on 2 October 2018.*
[7] *R95.5 million commitment to Ethos Healthcare (A) Partnership; first commitment made on 16 May 2018.*
[8] *R171 million commitment to invest in Primedia Holdings (Pty) Ltd on 20 September 2017.*
[9] *An offer was received to acquire up to 50% of Ethos Capitals' commitment, which will, when completed, reduce the undrawn capital commitments by 50%.*
[10] *Effective 30 June 2020, the undrawn capital commitments have been reduced to Rnil.*

The Company has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2020. Interest currently accrues at a rate that is based on JIBAR plus a 3.75% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

As security against the above guarantee, Black Hawk has pledged 13.5 million shares in favour of the Company, which was valued at R55,485,000 at 30 June 2020. In the event that a mandatory repayment under the RMB facility was triggered at 30 June 2020, an implied shortfall would have resulted in a loss to the Company of R89,464,000, a decrease in the NAVPS of R0.35. The guarantee has been recognised as a contingent liability in the Annual Financial Statements of the Company and the above contingent loss has not been recognised in the Annual Financial Statements of the Company.

21 Notes to the Statements of Cash Flows

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Cash flows from operating activities before investing activities:				
(Loss)/profit for the year	(809,126)	40,884	(799,668)	40,884
Adjustments for:				
Investment income recognised in profit	(103,127)	(113,217)	(103,115)	(113,204)
Investment-related expenses	27,555	23,404	27,555	23,404
Loss from fair value adjustments	863,516	32,957	863,516	32,957
Net foreign exchange gain	(6)	(22)	(6)	(22)
Gain on disposal of investments	(7,120)	(26)	(7,120)	(26)
Finance costs recognised in profit	12,799	8	3,331	–
Income tax expense recognised in profit	3,736	4,135	3,736	4,135
	(11,773)	(11,877)	(11,771)	(11,872)
Movements in working capital	12,459	(13,311)	12,459	(13,311)
Decrease/(increase in trade and other receivables)	11,665	(15,389)	11,665	(15,389)
Increase in trade and other payables	794	2,078	794	2,078
Cash generated by/(used in) operations	686	(25,188)	688	(25,183)

22 (Loss)/earnings and NAVPS

As detailed in note 9, the Company has 287,500,000 A Ordinary Shares in issue, 7,500,000 of which were issued to the EPE Trust and are currently notionally encumbered. Until these shares are released from their encumbrance (through the notional performance participation), the Company has an irrevocable right and option to acquire the notionally encumbered A Ordinary Shares at a repurchase price of R0.01 per share, being each share's fair value, and then to apply for the delisting of such shares acquired. The holders of these shares are therefore restricted from selling the shares to any party other than the Company and obtaining or sharing in any economic benefit derived from the shares, until they are released from their encumbrance.

Given the restrictions the encumbered shares place on the holder and the probability of the shares being delisted unless certain contingent conditions are met, they are excluded from the calculations to determine the earnings, headline earnings and NAV respectively. The calculations below therefore reflect the earnings, headline earnings and NAV attributable to the unrestricted A ordinary shareholders.

22 (Loss)/earnings and NAVPS (continued)

22.1 (Loss)/earnings and headline (loss)/earnings per share

	Group		Company	
	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Total comprehensive (loss)/income attributable to ordinary shareholders	(809,126)	40,884	(799,668)	40,884
Reconciliation of basic (loss)/earnings to headline (loss)/earnings:				
Total comprehensive (loss)/income attributable to ordinary shareholders	(809,126)	40,884	(799,668)	40,884
Reconciling items	–	–	–	–
Headline (loss)/earnings for the year	(809,126)	40,884	(799,668)	40,884
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of (loss)/earnings per share	195,751	158,256	209,251	171,756
Basic and diluted (loss)/earnings per share (Rand)	(4.13)	0.26	(3.82)	0.24
Basic and diluted headline (loss)/earnings per share (Rand)	(4.13)	0.26	(3.82)	0.24

22.2 Basic net asset value per share

	Group		Company	
	30 June 2020 R'000	30 June 2019 R'000	30 June 2020 R'000	30 June 2019 R'000
Net assets	1,711,750	1,785,549	1,856,208	1,920,549
	'000	'000	'000	'000
Number of shares in issue during the year	287,500	187,500	287,500	187,500
Less: Shares held in treasury	(22,500)	(22,500)	(9,000)	(9,000)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the year	257,500	157,500	271,000	171,000
Basic net asset value per share (Rand)	6.65	11.34	6.85	11.23

23 Key agreements

The Company has entered into an investment services agreement with Ethos, the terms of which stipulate that the latter, as Investment Advisor, will provide investment advice (including sourcing investments), administrative and back office services to the Company. As payment for these services, Ethos receives investment services, management and administration fees that are calculated and paid quarterly.

Founded in 1984, Ethos manages investments in private equity and credit strategies in South Africa and the rest of sub-Saharan Africa. With assets under management of c. R23 billion, Ethos targets control buyouts and selected expansion capital investments in companies with strong growth potential. Ethos manages investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development financial institutions, insurance companies and Ethos Capital. Investors are based in South Africa, Europe, North America and Asia.

Ethos has an unparalleled 36-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 110 transactions, delivering 97 realised investments. Further information on Ethos is disclosed in the Investment Advisor's Report on page 45 of the Integrated Annual Report.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV for Direct Investments, unless specifically agreed between the Group and Ethos to be exempt from any fee; and the management fee is 1.5% of the average of the opening invested NAV and closing invested NAV for Primary Investments. In no event shall any of the above fees be less than zero and both fees were effective from 1 July 2017. In respect of any Secondary Investments acquired, the management fee payable thereon will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund.

Ethos receives a fee of 0.25% of the average balance of the Temporary Investments as an administration fee for providing the administrative and back office services. As noted above, the Company has an investment management agreement with Ashburton to manage its Temporary Investments. The administration fee paid to Ethos is reduced by any fees payable to Ashburton, charged at 0.15%.

The Company has also entered into a subscription agreement with the EPE Trust that sets out and manages the terms of the A and B Ordinary Shares the EPE Trust subscribed for, as well as the annual performance participation EPE Trust is entitled to. The annual notional performance participation, and annual performance participation thereafter, is based on 20% of the growth in NAV of invested assets and is triggered each year if the NAV growth exceeds a preferred hurdle of 10%. The performance is also measured over a cumulative three-year measurement period to ensure the average NAV growth over such period exceeds the preferred hurdle. To the extent that the aggregate of the three annual participations is more or less than the three-year average calculation, an adjustment to or provision for the performance participation will be made in the final year of the measurement period and adjusted in subsequent periods if necessary.

24 Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the Group. The Board of Directors considered the key agreements, transactions and relationships between the Group and other entities and has classified the entities listed below as a related party. Where applicable, any transaction with a related party is disclosed below.

Key management personnel (including Directors)

Non-executive Directors

Senior Advisors

Entity is a provider of key management personnel to the Group

Ethos

Entity controlled or jointly controlled by an identified related part of the Group and/or Company

Enoha GmbH (controlled by the Chairperson)

Black Hawk

24 Related parties (continued)

24.1 Investment-related fees

The fees, as detailed in note 23, that were payable to the Ethos Group during the year and any outstanding balances at 30 June 2020, are listed below:

Group and Company	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
Fees payable		
Administration fee	331	966
Management fees	1,469	1,235
Advisory fees	22,210	14,108
	24,010	16,309

	30 June 2020 R'000	30 June 2019 R'000
Outstanding balances		
Administration fee	6	152
Advisory fees	5,304	4,847
	5,310	4,999

24.2 Remuneration of Directors

The individual remuneration of the Directors, who are classified as "key management personnel" and therefore as related parties of the Group, is disclosed in note 18.

Included in the above remuneration is an amount of R705,000 (CHF 45,000) (2019: R630,000) paid to Enoha GmbH in respect of the Director's remuneration of Yvonne Stillhart.

There was no outstanding remuneration due at 30 June 2020.

24.3 Other

As set out in note 20, the Company provided a guarantee on a R105 million loan facility (including any accrued interest) in favour of Black Hawk. Black Hawk subscribed to the A Ordinary Shares of the Company (see notes 9 and 20) for the benefit of the two Directors and/or their associates.

25 Financial risk factors and instruments

25.1 Overview

This note presents information about the Group's exposure to each of the below mentioned risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

Through the Group's activities, it is exposed to a variety of risks that could result in changes to the NAV or its performance.

The main risks the Group is exposed to which could result in changes to the NAV or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and equity price risk); credit risk; and liquidity risk.

25 Financial risk factors and instruments (continued)

25.1 Overview (continued)

The financial instruments of the Group and Company are categorised and measured at FVTPL or at amortised cost, as set out in note 3, and the financial risks are managed according to these categories. The analysis below sets out the carrying amounts of the financial assets and liabilities according to the categories as required by IFRS 7 Financial Instruments: Disclosures.

	Group		Company	
At 30 June 2020	**Financial asset at FVTPL R'000**	**At amortised cost R'000**	**Financial asset at FVTPL R'000**	**At amortised cost R'000**
Financial assets:				
Unlisted investments at fair value	1,891,743	–	1,891,743	–
Other assets and receivables	–	5,339	–	5,337
Cash and cash equivalents	–	7,993	–	7,504
Financial liabilities:				
Borrowings	–	184,949	–	40,000
Other liabilities and payables	–	8,376	–	8,376
At 30 June 2019	**Financial asset at FVTPL R'000**	**At amortised cost R'000**	**Financial asset at FVTPL R'000**	**At amortised cost R'000**
Financial assets:				
Unlisted investments at fair value	1,427,261	–	1,427,261	–
Other assets and receivables	–	16,741	–	16,739
Money market investments at fair value	481,034	–	481,034	–
Cash and cash equivalents	–	3,576	–	3,097
Financial liabilities:				
Borrowings	–	133,093	–	–
Other financial liabilities	–	2,388	–	–
Other liabilities and payables	–	7,582	–	7,582

25 Financial risk factors and instruments (continued)

25.2 Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its Statement of Financial Position.

The capital structure of the Group consists of equity attributable to ordinary shareholders, comprising share capital, and retained earnings. The Group is in the process of finalising the legal documents of a committed bank facility to fund its core unlisted investments (if needed) in addition to the available Temporary Investments.

The Group's liquidity profile, current and forecast, is monitored on a continuous basis by the Board and is considered before investments are approved.

25.3 Valuation risk

25.3.1 Risk, policies and procedures

The Group's exposure to valuation risk arises from movements in its unquoted investments into the Funds, whose valuations in turn are derived from the valuations of the Portfolio Companies in which they invest. The Funds' NAV and Portfolio Companies are valued in accordance with the IPEV Valuation Guidelines and their valuations are largely derived from unobservable inputs. In addition, movements in the money market investments of the Group are valued by using observable inputs other than quoted prices, also provide valuation risk exposure.

As noted earlier, the General Partners of the Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund. The financial year-end Directors' valuation at 30 June has been audited by the Group's auditor. As noted below, by being a limited partner in the Funds and where applicable, having a representative on the Advisory Committee of the Funds, the Board of Directors has access to summary information on the performance and valuations of the underlying Portfolio Companies to make an assessment of the Funds' fair value. Representatives of the Investment Advisor are also available to provide full and timely access to information and address any concerns the Board might have or provide any additional information requests. The Board will also regularly review and assess the appropriateness of its own valuation policy and the Investment Advisor's valuation policy and processes, as noted below and elsewhere in the report.

The Investment Advisor determines the individual fair value of each Fund's underlying Portfolio Companies at the end of each quarter. The individual valuations, as prepared by Ethos' investment executives, are independently reviewed by senior executives/partners of Ethos. These executives then submit and present the valuations to the Ethos Valuation Committee, which consists of a number of senior executives/partners of Ethos. Once the Committee has approved the valuations, the valuations are submitted to the General Partner, who will issue the quarterly NAV statements and summary information on the valuations to each Fund's Advisory Committee and its limited partners. In addition, the December valuations are reviewed and audited by the Funds' auditor, before being issued to the General Partner, and the June Funds' NAV valuations are audited by the Group's auditor.

25 Financial risk factors and instruments (continued)

25.4 Fair value classification of investments

Financial assets and liabilities carried at fair value need to be classified within the appropriate level of hierarchy on which their fair values are based. The information below sets out the different levels as well as the classification of the Group's assets and liabilities where appropriate.

Investments trading in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. These prices provide the most reliable fair value classification and the Group does not need to adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Group is the current bid price.

Investments trading in markets not considered to be active and deriving their fair value from observable inputs other than quoted prices included within level 1 are classified within level 2. These inputs need to be directly or indirectly observable for the investment and can include: quoted market prices for similar assets in active or non-active markets; observable inputs other than quoted prices; and inputs derived or corroborated by observable market data. The Group's money market investments will typically be classified within level 2.

Level 3 classification applies to investments where observable inputs are not available for the asset to determine its fair value. Unobservable inputs are used to measure fair value where relevant observable inputs are not available. The unlisted investments in Funds and Co-Investments are within this level.

The financial assets and liabilities measured at fair value in the Statements of Financial Position can be summarised as follows within the fair value hierarchy:

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	452,744	–	1,438,999	1,891,743
At 30 June 2020	452,744	–	1,438,999	1,891,743

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	–	–	1,427,261	1,427,261
Money market investments	–	481,034	–	481,034
At 30 June 2019	–	481,034	1,427,261	1,908,295

During the year, an asset with a value of R41,035,000 at 30 June 2019, was transferred to level 1 from level 3, following the listing of an underlying investment. There were no other transfers of assets from level 1 to level 2 or 3, level 2 to level 1 or 3 and level 3 to level 1 or 2.

The following table presents the movement in level 3 assets during the year by class of financial instrument:

	Unlisted investments	
Group and Company	**30 June 2020 R'000**	**30 June 2019 R'000**
Non-current assets		
Opening balance	1,427,261	711,925
Transfer to level 1	(41,035)	–
Acquisitions	241,318	716,928
Realisations at 30 June 2019 carrying value	(15,047)	(7,445)
Net (losses)/gains included in the Statements of Comprehensive Income	(173,498)	5,853
	1,438,999	1,427,261

25 Financial risk factors and instruments (continued)

25.5 Sensitivity of the fair values to unobservable inputs

25.5.1 Fund investments – NAV based

The Board of Directors has approved the valuation method for level 3 investments as set out in the accounting policies. The valuation techniques used and the inputs available to determine the fair value of each investment, are detailed in note 3. The inputs that are available to the Board to determine the valuation of the investments of the Company, are the NAVs of the Funds that represent its investments. The analysis below demonstrates the impact that a potential reasonable change in the level 3 unobservable input (i.e. the Funds' NAV) might have on the fair value and NAVPS of the Group and Company at 30 June 2020.

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
Investments	R'000	% change	Rand	Rand	R'000
NAV					
EF VII	667,713	±5	±0.26	±0.25	±66,771
EMMF I	390,772	±5	±0.15	±0.14	±39,077
EDI	378,139	±5	±0.15	±0.14	±37,814
EHP	116,778	±5	±0.05	±0.04	±11,678
EAiF I	112,704	±5	±0.04	±0.04	±11,270
EMM Direct	61,027	±5	±0.02	±0.02	±6,103
EF VI	47,793	±5	±0.02	±0.02	±4,779
EMP 3	22,794	±5	±0.01	±0.01	±2,279
Earnings					
Primedia Holdings (Pty) Ltd	79,177	n/a	n/a	n/a	n/a
Ster Kinekor Theatres Pty Ltd	14,846	n/a	n/a	n/a	n/a
(refer to note 25.5.2 below)					

25.5.2 Underlying Portfolio Companies – valuation drivers

The categories of unlisted assets that are valued by the Investment Manager, based on different level 3 unobservable inputs and valuation methodologies, to derive the Funds' NAVs at 30 June 2020, are as follows:

		Group and Company	
Methodology	Category	30 June 2020 R'000	30 June 2019 R'000
Non-earnings based			
Price of recent investment	Unlisted private equity – early stage growth	39,824	45,920
Other – fair value less any impairment	Unlisted mezzanine	22,794	41,681
Earnings based			
Earnings based	Unlisted private equity	1,376,381	1,339,660
		1,438,999	1,427,261

Non-earnings based

Price of recent investment – unlisted private equity

The valuation technique adopted for this investment is the price of recent investment, which is a direct observable input. Therefore, no sensitivity analysis is applicable.

25 Financial risk factors and instruments (continued)

25.5 Sensitivity of the fair values to unobservable inputs (continued)

25.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Fair value less any impairment – unlisted mezzanine

The fair value of the mezzanine loan component of the underlying investment is based on the outstanding principal plus any accrued interest – less any impairments that are deemed required – plus any equity value that might be receivable subject to certain earnings levels of the Portfolio Company. The equity component of the underlying investment is, if applicable, based on an earnings multiple methodology. The information on the following page aims to demonstrate the impact that a potential change in a level 3 unobservable input might have on the fair value of the investment at 30 June 2020, if all other inputs remain unchanged, and absent any changes in any other subjective inputs. Any upside change, from a certain level of equity value, will result in an increase in the equity component of the investment, whereas any downside change, would firstly reduce the equity component up to a nil value, and thereafter could result in the impairment of the outstanding principal and accrued interest.

	Group and Company	Group	Company	Group and Company
		NAVPS		Fair value adjustment
	% change	Rand	Rand	R'000
Attributable EBITDA or EBITDA valuation multiple	+10	0.01	0.01	2,173
Attributable EBITDA or EBITDA valuation multiple	-10	(0.01)	(0.01)	(2,173)

Earnings based

The main inputs available to the Investment Advisor to determine the valuation on a case-by-case basis for each of the underlying Portfolio Companies, from which the NAV of the Funds is derived, are: maintainable earnings, trading multiples and capital structures. Earnings, for instance EBITDA, can be based on budgeted EBITDA, most recent or historic reported EBITDA, the last 12 months' EBITDA or EBITDA adjusted to a normalised earnings level.

Trading multiples are determined by identifying comparable public companies based on, for instance, their industry, size, growth stage, revenue generation and strategy. Once a public company's trading multiple is calculated, the Investment Advisor can then adjust the multiple for considerations such as illiquidity, capital structure and other differences between the public company and the Portfolio Company, based on company-specific facts and differences. The Investment Advisor can also, in addition to the original transaction multiples, consider recent private transactions in similar securities as the Portfolio Company or third-party transactions, and adjust the trading multiples as deemed appropriate.

Assessing the level of maintainable EBITDA and net debt of each Portfolio Company, especially during these unprecedent times, requires a high degree of judgement by Ethos; therefore, the valuations of the unlisted portfolio are subject to a degree of uncertainty and the underlying assumptions may prove in time not to be entirely accurate.

The capital structure of each Portfolio Company determines the ranking or distribution waterfall of how the fair value is firstly allocated to each type of security, and secondly to each holder of such securities, for example taking into consideration preferred rights or incentive schemes upon an exit scenario, possible earn-out payment etc. Other subjective inputs to use might be based on the Investment Advisor's assessment of the quality of earnings, third-party external debt, comparability differences and probability of default.

All these numerical and subjective inputs are recorded and maintained, for each Portfolio Company, in a valuation model designed, controlled and updated by the Investment Advisor. The Board of Directors does not have direct access to or control over or provide input to these valuation models or the subjective assessments that were considered in deriving at the fair value and is not reasonably available to the Board. The Board however receives summary output of the valuation outcomes and drivers from the Investment Advisor, which the Board can then review to assess the reasonableness of the Fund NAVs provided in determining the valuation of the Company's investment portfolio and its NAV. However, the Board does not currently maintain or develop its own independent quantitative unobservable inputs. All these inputs and considerations are largely interdependent and subjective, and the models are highly complex for an outside party to manage. Therefore, it is not reasonable, and potentially misleading, for the Board to determine and present to the shareholders of the Group a sensitivity analysis of the potential impact on changes to one or more of the underlying inputs to fair value. The Board instead derives implied multiples and the impact thereof based on information that is reasonably available to it.

25 Financial risk factors and instruments (continued)

25.5 Sensitivity of the fair values to unobservable inputs (continued)

25.5.2 Underlying Portfolio Companies – valuation drivers (continued)

The analysis below aims to demonstrate, where relevant, the impact that a potential change in a level 3 unobservable input (maintainable EBITDA, maintainable net debt or the EBITDA valuation multiple) might have on the aggregate fair value of the respective Fund categories and NAVPS of the Group and Company at 30 June 2020, if all other inputs remain unchanged, and absent any changes in any other subjective inputs. The Board believes that it is more useful to provide this information in aggregate by Fund type and vintage (see note 4 on page 93), including the Co-Investments that are made alongside the Funds, reflecting the monitoring levels of the Board.

Each Fund's attributable EBITDA and net debt presented in the table, represent the aggregate of the maintainable EBITDA and net debt of the underlying Portfolio Companies for each Fund category, as used in the underlying valuations, multiplied by the Group's implied effective economic participation held via the Funds in each Portfolio Company. The implied multiples were then calculated in relation to the aggregate fair value of the Fund categories.

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
At 30 June 2020	R'000	% change	Rand	Rand	R'000
EF VI and relevant Co-Investments:					
Attributable EBITDA	71,000	±10	±0.17	±0.16	±44,030
Attributable Net debt	157,000	±10	∓0.06	∓0.06	∓16,400
Implied EBITDA valuation multiple	6.3x	±10	±0.17	±0.16	±44,030
EF VII and relevant Co-Investments:					
Attributable EBITDA	78,000	±10	±0.26	±0.24	±65,780
Attributable Net cash	(22,000)	±10	∓0.02	∓0.02	∓4,800
Implied EBITDA valuation multiple	8.1x	±10	±0.26	±0.24	±65,780
EMMF I and relevant Co-Investments:					
Attributable EBITDA	114,000	±10	±0.28	±0.27	±72,100
Attributable Net debt	360,000	±10	∓0.17	∓0.16	∓43,700
Implied EBITDA valuation multiple	7.0x	±10	±0.28	±0.27	±72,100

25 Financial risk factors and instruments (continued)

25.5 Sensitivity of the fair values to unobservable inputs (continued)

25.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Given the potential impact of changes to the Investment Manager's subjective considerations in the event that any unobservable inputs change, different capital structures and participation ratios that might change at different valuation levels, the Board believes it is not reasonable, and potentially misleading, for it to accurately determine and present to the shareholders of the Group the sensitivity analysis of the potential impact on changes to one or more of the underlying inputs to fair value. Therefore, shareholders need to be careful when considering above indicative fair value adjustments.

Included in the analysis on page 112, is the impact of the Group's direct shareholdings in the equity of Primedia and Ster Kinekor Theatres. The below information aims to demonstrate the impact that a potential change in a level 3 unobservable input might have on the fair value of the investment on a standalone basis at 30 June 2020, if all other inputs remain unchanged, and absent any changes in any other subjective inputs.

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
	R'000	% change	Rand	Rand	R'000
Earnings based – unlisted investment in Primedia:					
Attributable EBITDA	26,000	±10	±0.07	±0.07	±17,818
Attributable Net debt	99,000	±10	∓0.04	∓0.04	∓9,900
Investment EBITDA valuation multiple range	5.8x – 8.6x	±10	±0.07	±0.07	±17,818

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
	R'000	% change	Rand	Rand	R'000
Earnings based – unlisted investment in Ster Kinekor:					
Attributable EBITDA	4,000	±10	±0.01	±0.01	±1,785
Attributable Net debt	3,000	±10	∓0.00	∓0.00	∓300
Investment EBITDA valuation multiple range	3.3x – 5.5x	±10	±0.01	±0.01	±1,785

25 Financial risk factors and instruments (continued)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Board agrees and reviews the Company's policies for managing these risks.

25.6.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's unlisted investments are currently all held in ZAR denominated Funds. In turn, the majority (70%) of the Funds' investments and Co-Investments are ZAR denominated with the balance (30%) US$ denominated. The Portfolio Companies might operate in multi-currency jurisdictions and will manage their own currency risk, which could be through funding their debt in multiple currencies that match their operations or foreign exchange hedging policies, and therefore they could be exposed to more currencies than ZAR and US$. The Board actively monitors the Group's currency exposure and will consider hedging strategies if required and as appropriate. In addition, relatively small amounts of cash and cash equivalents are held in US$ to fund operating expenses, which will not be materially impacted by changes in foreign exchange rates. All other financial assets and liabilities are ZAR denominated.

The table below demonstrates the implied sensitivity in the fair value at 30 June 2020 of the non-ZAR denominated Portfolio Companies held at 30 June 2020 based on assumed changes to the US$:ZAR exchange rate (17.3675 at 30 June 2020).

		Group	Company	Group and Company
US$:ZAR Change %	**US$:ZAR Implied rate**	**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
+5.0	18.236	0.11	0.11	28,563
+10.0	19.104	0.22	0.21	57,126
-5.0	16.499	(0.11)	(0.11)	(28,563)
-10.0	15.631	(0.22)	(0.21)	(57,126)

Any changes in the US$:ZAR or any other exchange rates, might also have an impact on the underlying valuation inputs and subjective considerations in determining the valuation of the Portfolio Companies (e.g. maintainable EBITDA and net debt) that make up the NAV of the Funds and therefore the Board believes it is not reasonable, and potentially misleading, for it to accurately determine and present to the shareholders of the Group the sensitivity analysis of the potential impact on changes to foreign exchange rates. Therefore, shareholders need to be careful when considering the indicative fair value adjustments.

25.6.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate based on changes in market interest rates. The Group has exposure to interest rate risk through its Temporary Investments (money market investments) that are largely invested in fixed rate instruments and floating rate notes with a relatively short repricing period. The fair value of the money market instruments is largely dependent on the market interest rates and could fluctuate with changes in the latter.

25 Financial risk factors and instruments (continued)

25.6 Market risk (continued)

25.6.2 Interest rate risk (continued)

The performance, maturity profile and sensitivity analysis of Temporary Investments are reviewed regularly and Ashburton aims to match the liquidity profile with the Group's liquidity requirements to optimise the returns. The Temporary Investments are managed by Ashburton under an investment management agreement that sets certain permitted securities and limits within which they have to manage the portfolio to provide a balance of risk and returns that the Board is comfortable with.

The balance of the Temporary Investments held at 30 June 2020 was nil and therefore no sensitivity in the fair value was performed at 30 June 2020.

In addition, the Group has exposure to bank loans, expiring on 12 February 2025. Interest accrues at a rate that is based on JIBAR plus a margin of 3.5% and 3.75%.

25.6.3 Equity price risk

The Group is indirectly exposed to equity price risk through the valuation of the underlying portfolio investments held by its investments in Funds. The fair value of these companies is largely derived from comparable market ratings, which are derived from public companies' quoted market prices and earnings. The underlying Portfolio Companies are valued quarterly and the Board has access to the valuation information to monitor and review the fair value of the investments and consider any impairments where appropriate – also refer to note 25.4.

The table below illustrates the sensitivity in the fair value of the unlisted investments held at 30 June 2020 based on fluctuations in the price of its unlisted investments.

At 30 June 2020

	Group	Company	Group and Company
	Per share impact Rand	**Rand**	**Fair value adjustment R'000**
Change in equity prices assumed			
+10%	0.73	0.70	189,174
-10%	(0.73)	(0.70)	(189,174)

25 Financial risk factors and instruments (continued)

25.7 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets that expose the Group to credit risk consist of unlisted investments, money market investments (Temporary Investments) and other assets and receivables. The Group's credit risk is limited to the carrying amount of these financial assets at the reporting date.

The Group believes that, through investing in Funds and Co-Investments managed by an experienced Investment Advisor with a proven track record, given the diverse number of Portfolio Companies each Fund invests in and by managing concentration risk in its portfolio, the risk is reduced. In addition, the Group has an Investment Committee with experienced members who enforce rigorous assessment, review and due diligence with each investment decision. The Board receives regular updates from the Investment Advisor to enable it to monitor the performance of the underlying investments. No collateral is taken against the credit risk exposures of the unlisted investments.

Other assets and receivables largely consist of prepayments, income tax receivable and balances that are receivable from the Funds with limited risk of a credit loss. At year-end, no balances were overdue or impaired and the majority of the balances have been settled or utilised post year-end.

Furthermore, the Group's Temporary Investments are managed by Ashburton, which is mandated to invest in treasury bills issued by the government of the Republic of South Africa as well as short-term paper issued by the big four South African banks and the investment management agreement has certain restrictions and limits, set by the Board, to manage the Group's credit risk exposure. Cash and cash equivalents are held with FirstRand Bank Limited (South Africa) and Investec Mauritius.

The Group has exposure to a loan facility with RMB which the Company has guaranteed in favour of RMB. The Company holds collateral in the form of pledged Ethos Capital A Ordinary Shares. The guarantee issued is the maximum exposure of the Group in respect of this financial liability. Further details are provided in note 11 and 20. The Company has recognised the loan exposure via the guarantee as a contingent liability and the contingent loss has not been recognised in the Annual Financial Statements of the Company.

The Group has further exposure to a revolving credit facility with RMB of which R40 million was drawn at 30 June 2020.

The below analysis sets out the Group's assessment of its aggregate credit risk for the current financial assets, which is considered in relation to assets that can be assessed based on available market ratings or where no ratings are available. Based on the analysis, no provision has been made for any credit losses.

		Group		Company	
At 30 June 2020	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	5,339	–	5,337
Cash and cash equivalents	Low	7,993	_	7,504	–
At 30 June 2019	Risk assessment	Rated R'000	Non-rated R'000	Rated R'000	Non-rated R'000
Other assets and receivables	Low	–	16,741	–	16,739
Money market investments at fair value	Low	481,034	–	481,034	–
Cash and cash equivalents	Low	3,576	–	3,097	–

25 Financial risk factors and instruments (continued)

25.8 Liquidity risk

This risk occurs when the Group is unable to meet its short-term obligations, largely due to its inability to convert its financial assets into cash and cash equivalents. The Group's strategy is to make long-term commitments into Fund Limited Partnerships that invest in unlisted Portfolio Companies, which are not as readily realisable as quoted investments. The Group might struggle to generate liquidity on short notice and the Board therefore regularly monitors its forecasts, cash flows, commitment levels and available liquidity resources, the latter consisting of Temporary Investments that are tradeable on short notice in active markets and cash and cash equivalents. The maturity profile of Temporary Investments are reviewed regularly and Ashburton aims to match the liquidity profile with the Group's liquidity requirements to ensure the availability of resources when required.

The below analysis sets out the maturity profile of the Group's financial assets and financial liabilities.

	Group			Company		
At 30 June 2020	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**
Unlisted investments at fair value	–	–	1,891,743	–	–	1,891,743
Other assets and receivables	5,339	–	–	5,337	–	–
Cash and cash equivalents	7,993	–	–	7,504	–	–
Borrowings	–	–	184,949	–	–	40,000
Other liabilities and payables	8,376	–	–	8,376	–	–
At 30 June 2019	0 - 3 months R'000	>3 months to 1 year R'000	> 1 year R'000	0 - 3 months R'000	>3 months to 1 year R'000	> 1 year R'000
Unlisted investments at fair value	–	–	1 427,261	-	–	1,427,261
Other assets and receivables	16,741	–	–	16,739	–	–
Money market investments at fair value	279,540	201,494		279,540	201,494	–
Cash and cash equivalents	3,576	-	–	3,097	–	–
Borrowings	–	–	133,093	–	–	–
Other financial liabilities	–	–	2,388	–	–	–
Other liabilities and payables	7,582	–	–	7,582	–	–

Despite the Group concluding a R700 million revolving facility during February 2020, the COVID pandemic that: resulted in a decrease in asset prices, which reduced the availability or capacity of the facility due to the asset cover-based covenants; and deferred the timing of expected realisations from the current investments, has put pressure on the Group's liquidity position.

The Board proactively explored options with Ethos to mitigate the above and strengthen its liquidity position, which amongst other options, resulted in an external offer to buy a portion of the EMP 3 commitments and the reduction of the EF VII commitments at 30 June 2020 to Rnil.

The Directors believe the Group has adequate resources and/or options available to them to settle its obligations as and when they become due.

26 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2020.

27 Directors' interests

The table below sets out the beneficial interests in the share capital of the Company directly or indirectly held by Directors at 30 June:

	A Ordinary Shares			
Company	**30 June 2020 Number**	**30 June 2020 %**	**30 June 2019 Number**	**30 June 2019 %**
Direct beneficial				
Yvonne Stillhart	966,725	0.34	610,000	0.33
Indirect beneficial via associates				
Derek Prout-Jones[(1)]	7,945,964	2.76	7,057,075	3.76
Michael Pfaff[(1)]	11,417,270	3.97	9,639,492	5.14
	20,329,959	7.07	17,306,567	9.23

[(1)] *Including 6,750,000 shares held through Black Hawk.*

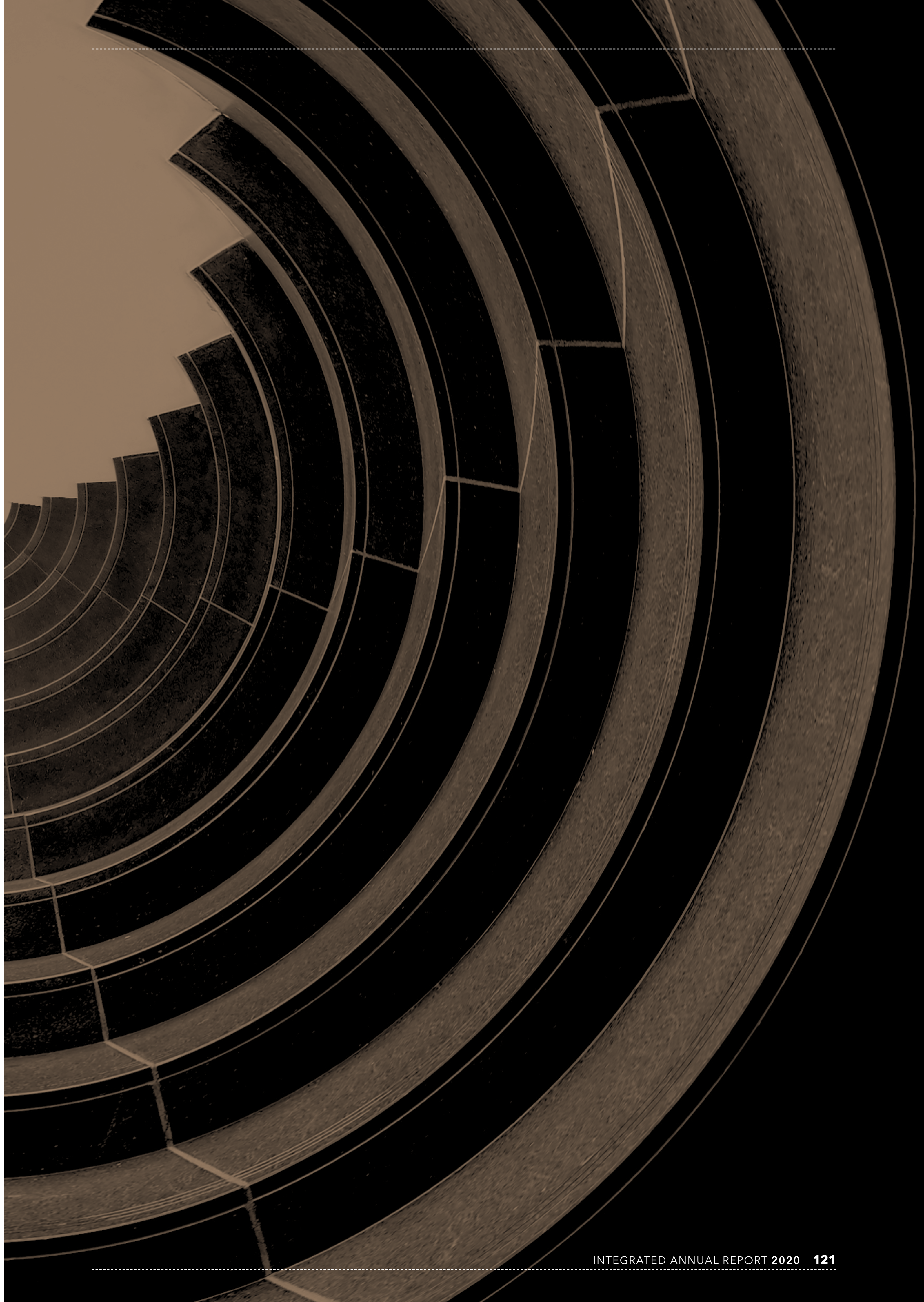
There have been no changes to the beneficial interests since 30 June 2020 to the approval date of these Annual Financial Statements.

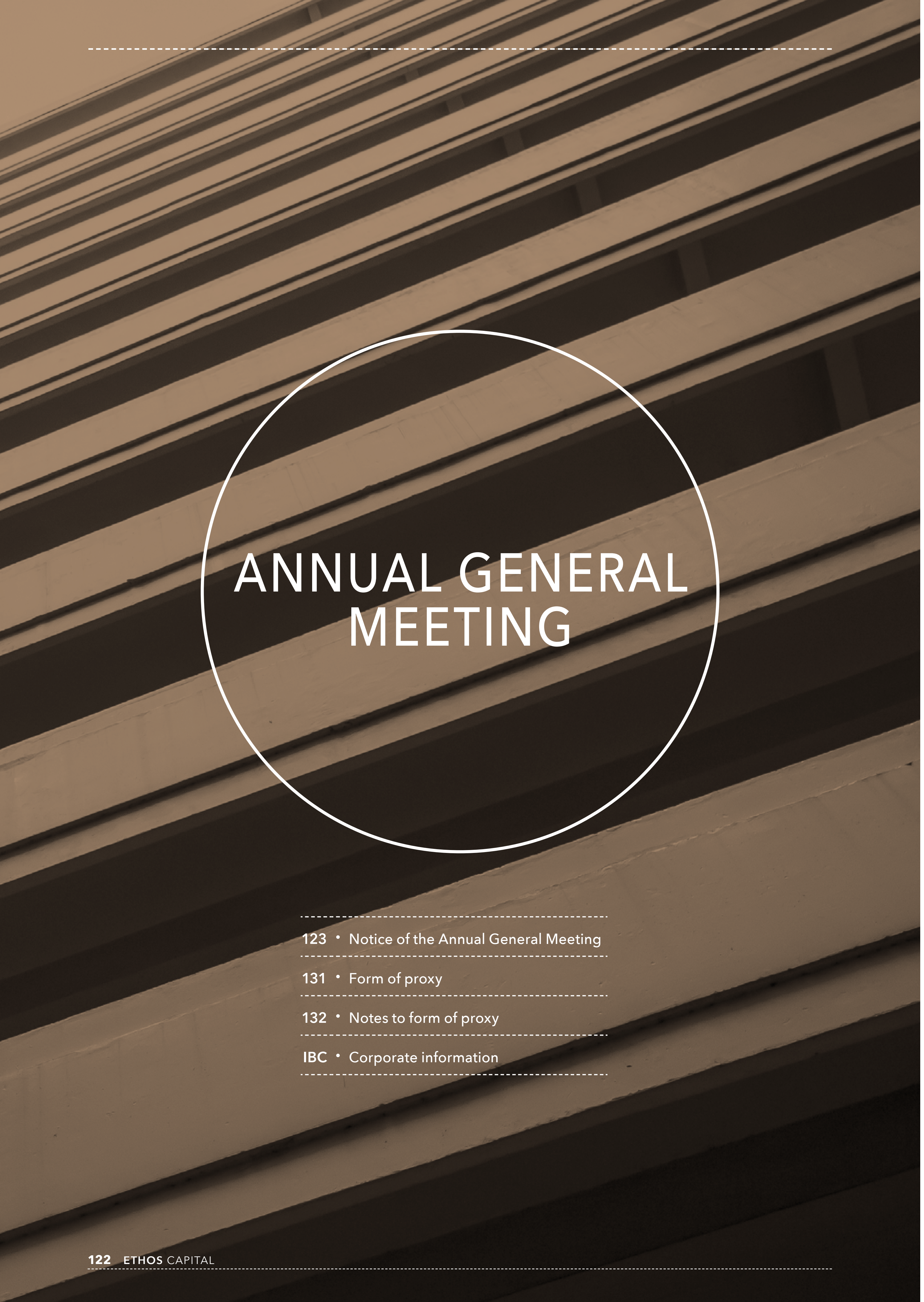
28 Spread of shareholders

The shareholder spread and analysis of public and non-public shareholdings in the Company at 30 June 2020 are as follows:

Company	**Number of shareholders 30 June 2020**	**% of shareholders 30 June 2020**	**Number of A Ordinary Shares 30 June 2020**	**% of total A Ordinary Shares 30 June 2020**
Shareholder spread				
1 – 50,000 shares	1,213	81.19	11,792,809	4.10
50,001 – 500,000 shares	197	13.19	34,935,482	12.15
500,001 – 1,000,000 shares	32	2.14	22,633,346	7.87
1,000,001 – 5,000,000 shares	41	2.74	94,555,911	32.89
5,000,001 – 10,000,000 shares	6	0.40	47,196,469	16.42
More than 10,000,000 shares	5	0.34	76,385,983	26.57
	1,494	100.00	287,500,000	100.00

	Number of A Ordinary Shares 30 June 2020	**% of total A Ordinary Shares 30 June 2020**	**Number of A Ordinary Shares 30 June 2019**	**% of total A Ordinary Shares 30 June 2019**
Public shareholders	246,767,288	85.83	156,372,433	83.40
Non-public shareholders	40,732,712	14.17	31,127,567	16.60
Directors	20,329,959	7.07	17,306,567	9.23
Ethos and associates	20,402,753	7.10	13,821,000	7.37
	287,500,000	100.00	187,500,000	100.00
Shareholders with a shareholding of more than 5%:				
Consolidated Retirement Fund	26,666,666	9.28	–	–





ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth Annual General Meeting ("AGM") of shareholders of EPE Capital Partners Ltd ("Ethos Capital" or "the Company") will be held entirely via a remote interactive electronic platform on Tuesday, 17 November 2020, at 14:00. The Company will be assisted by Computershare Investor Services Proprietary Limited who will also act as scrutineers.

Purpose

The purpose of the AGM is to pass the ordinary and special resolutions, if approved, with or without amendment, as noted below:

Agenda

Presentation of the audited Annual Financial Statements of the Group and Company, including the Directors' Report, the Report of the Audit and Risk Committee and the Independent Auditor's Report for the financial year ended 30 June 2020. The Integrated Annual Report, of which this notice forms part, contains the Group and Company's Annual Financial Statements and the above-mentioned reports. The Annual Financial Statements, including the unmodified opinion of the auditor, are available on the Company's website at *https://ethoscapital.mu/investors/reports-results/* or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

To consider and, if deemed fit, approve with or without modification, the following ordinary and special resolutions:

1 Consideration and approval of the Annual Financial Statements and consideration of the Integrated Annual Report

Ordinary resolution number 1

"**Resolved that** the audited Annual Financial Statements of the Group and Company, including the Directors' Report, the Report of the Audit and Risk Committee and the Independent Auditor's Report, for the financial year ended 30 June 2020, be considered and approved and the Integrated Annual Report be considered."

Reason for and effect of ordinary resolution number 1

The reason for the passing of this resolution is that sections 5.4.1 to 5.4.3 of Schedule 2 of the Company's Constitution provide that at each AGM the Company's Annual Financial Statements be considered and approved, the Independent Auditor's Report be received and the Integrated Annual Report be considered.

The effect of each of these resolutions is to receive the Annual Financial Statements, including the Independent Auditor's Report, and the Integrated Annual Report, both for the year ended 30 June 2020, as provided for by the Constitution.

2 Reappointment of the South African Auditor

Ordinary resolution number 2

"**Resolved that** the auditor, Deloitte South Africa, as the independent registered auditor of the Company, with Dinesh Munu as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its South African matters, be reappointed upon the recommendation of the Audit and Risk Committee and the Board of Directors."

Reason for and effect of ordinary resolution number 2

The reason for the passing of this resolution is that section 2.5.1 of the Company's Constitution provides that at each AGM the Company must appoint an auditor.

The firm Deloitte South Africa is an accredited auditor appearing as such on the list of accredited auditors of the JSE in South Africa.

The independence of Deloitte South Africa was confirmed to be untainted.

Dinesh Munu is a registered auditor and partner with Deloitte South Africa and is, *inter alia*, registered with the South African Institute of Chartered Accountants. In terms of the prescribed auditor rotation requirements, he is eligible to serve as the individual auditor to lead the audit of the Company.

Deloitte South Africa and Dinesh Munu qualify for appointment as the Company's external auditor in terms of prescribed legislation and applicable ethical codes.

The effect of this resolution is that the reappointment of Deloitte South Africa, as the auditing firm of the Company, and Dinesh Munu, as the individual designated auditor responsible for leading any audit in respect of the Company, is confirmed and endorsed by the shareholders.

3 Reappointment of the Mauritian Auditor

Ordinary resolution number 3

"**Resolved that** the auditor, Deloitte Mauritius, as the independent registered auditor of the Company, with Jacques Du Mée as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its Mauritian matters, be reappointed upon the recommendation of the Audit and Risk Committee and the Board of Directors."

Reason for and effect of ordinary resolution number 3

The reason for the passing of this resolution is that section 2.5.1 of the Company's Constitution provides that at each AGM the Company must appoint an auditor.

The independence of Deloitte Mauritius was confirmed to be untainted.

Deloitte Mauritius and Jacques Du Mée qualify for appointment as the Company's external auditor in terms of prescribed legislation and applicable ethical codes.

The effect of this resolution is that the reappointment of Deloitte Mauritius, as the auditing firm of the Company, and Jacques Du Mée, as the individual designated auditor responsible for leading any audit in respect of the Company, is confirmed and endorsed by the shareholders.

4 Re-election of Directors

4.1 Ordinary resolution number 4

"Resolved that [Ms Yvonne Stillhart], who retires at the AGM and is eligible, and who has made herself available for re-election, be re-elected as a Director of the Company."

4.2 Ordinary resolution number 5

"Resolved that Mr Yuvraj Juwaheer, who retires at the AGM and is eligible, and who has made himself available for re-election, be re-elected as a Director of the Company."

Reason for and effect of ordinary resolutions numbers 4 and 5

The reason for the passing of these resolution is that section 18.6.1 of the Company's Constitution provides that at each AGM, at least one-third of the Directors shall retire from office and they may stand for re-election, provided that such Director is eligible.

The reason for each of these resolutions is to authorise the appointment of the above-stated persons to the Board of Directors as allowed by the Constitution.

An abbreviated *curriculum vitae* of each person standing for re-election is set out on pages 52 and 53 of the Integrated Annual Report, and for purposes of these resolutions, is regarded as forming an integral part of these resolutions.

The effect of each of these resolutions is to authorise the appointment of the above-stated persons to the Board of Directors as allowed by the Constitution.

5 Re-election of members of the Audit and Risk Committee

5.1 Ordinary resolution number 6

"Resolved that Mr Derek Prout-Jones be re-elected as a member of the Audit and Risk Committee."

5.2 Ordinary resolution number 7

"Resolved that Mr Kevin Allagapen be re-elected as Chairperson of the Audit and Risk Committee."

5.3 Ordinary resolution number 8

"Resolved that Mr Yuvraj Juwaheer, who retires at the AGM and has made himself available for re-election, be re-elected as a member of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4 above."

Reason for and effect of ordinary resolution numbers 6 to 8

The reason for the passing of these resolutions is that section 2.6.2 of the Company's Constitution provides that at each AGM the Company must elect the members of the Audit and Risk Committee.

The reason for each of these resolutions is to authorise the appointment of the above-stated persons to the Audit and Risk Committee as allowed by the Constitution.

The Board is satisfied that the above-mentioned persons possess the appropriate qualifications, skills and experience to fulfil their Audit and Risk Committee obligations allowed by the Constitution.

An abbreviated *curriculum vitae* of each person standing for re-election is set out on pages 52 and 53 of the Integrated Annual Report, and for purposes of these resolutions, is regarded as forming an integral part of these resolutions.

The effect of each of these resolutions is to authorise the appointment of the above-stated persons to the Audit and Risk Committee as allowed by the Constitution.

6 Approval of Directors' remuneration

Ordinary resolution number 9

"**Resolved that the all-inclusive gross remuneration to be paid to the non-executive Directors for their services as Directors for the year 1 July 2020 to 30 June 2021, as set out below, is hereby approved.**"

Directors' remuneration	Year to 30 June 2021
Derek Prout-Jones	ZAR1,640,000
Kevin Allagapen	US$25,000
Michael Pfaff	ZAR1,290,000
Yuvraj Juwaheer	US$25,000
Yvonne Stillhart	CHF45,000

The above amounts represent a nil% increase over the approved remuneration for the year ended 30 June 2020.

Reason for and effect of ordinary resolution number 9

The reason for the passing of the resolution is that section 18.5.1 of the Company's Constitution provides that, notwithstanding anything to the contrary contained in the Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged or entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution.

Accordingly, the reason for this resolution is, *inter alia*, to approve the remuneration and basis for compensation of the non-executive Directors for the ensuing year.

The effect of this resolution is that the non-executive Directors' remuneration and basis for compensation will be authorised for the period 1 July 2020 until 30 June 2021.

7 Non-binding endorsement of the remuneration policy

Ordinary resolution number 10

"Resolved that the shareholders, by way of a non-binding advisory vote, endorse the Company's remuneration policy as detailed on pages 61 and 62 of the Integrated Annual Report."

Reason for and effect of ordinary resolution number 10

The reason for the passing of the resolution is that it is a requirement of the JSE Listings Requirements to table the remuneration policy for a non-binding advisory vote by shareholders at each AGM, as suggested by King IV.

Accordingly, the reason for this resolution is to endorse the remuneration policy of the Company.

The effect of this resolution will be for the shareholders to endorse the Company's remuneration policy. This is an advisory vote only, and the failure to pass this resolution will not impact the current remuneration agreements; however, the Board will take the outcome of the vote and any views raised in consideration when making or considering changes to the current remuneration policy.

8 Non-binding endorsement of the implementation report of the Company's remuneration policy

Ordinary resolution number 11

"Resolved that the shareholders, by way of a non-binding advisory vote, endorse the Company's implementation report in relation to the remuneration policy as detailed on page 62 of the Integrated Annual Report."

Reason for and effect of ordinary resolution number 11

The reason for the passing of the resolution is that it is a requirement of the JSE Listings Requirements to table the implementation report for a non-binding advisory vote by shareholders at each AGM, as suggested by King IV.

Accordingly, the reason for this resolution is to endorse the implementation report in relation to the Company's remuneration policy.

The effect of this resolution will be for the shareholders to endorse the Company's implementation report in relation to the remuneration policy. This is an advisory vote only, and the failure to pass this resolution will not impact the current remuneration agreements; however, the Board will take the outcome of the vote and any views raised into consideration when making or considering changes to the current remuneration policy and its implementation.

9 Approval of general authority to the Board to issue A Ordinary Shares of the Company and/or convertible securities for cash

Ordinary resolution number 12

"**Resolved that** the Directors of the Company be and they are hereby authorised by way of a general authority to issue A Ordinary Shares and/or any options/convertible securities that are convertible into A Ordinary Shares of the Company for cash, as and when they in their discretion deem fit, subject to the Company's Constitution, the provisions of the Mauritius Companies Act, the JSE Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities that are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- in respect of securities which are the subject of the general issue of shares for cash, it may not exceed the cumulative number of the current shares of the Company that were repurchased and held in treasury, which are limited to 9,000,000 A Ordinary Shares, representing 3.2% of the Company's A Ordinary Shares in issue at the date of the Notice of the AGM, (excluding current treasury shares held) and, provided that:
  - › any equity securities issued under this authority during the period must be deducted from the number above;
  - › in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
  - › the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the Notice of AGM, excluding treasury shares;
- the authority is valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- an announcement giving full details will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five percent) or more of the number of shares in issue prior to the issue, in accordance with section 11.22 of the JSE Listings Requirements;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 30 business-day period; and
- approval of the general issue for cash resolution achieving 75% majority of the votes cast in favour of such resolutions by all equity securities present or represented by proxy at the AGM convened to approve such resolution."

Reason and effect of ordinary resolution number 12

The reason for this resolution is to authorise the Board to issue for cash A Ordinary Shares and/or any options/convertible securities that are convertible into A Ordinary Shares, up to a maximum of the number of the current shares of the Company that were repurchased and held in treasury, which are limited to 9,000,000 A Ordinary Shares, representing 3.2% of the Company's A Ordinary Shares in issue at the date of the Notice of the AGM, (excluding current treasury shares held).

10 Approval of general authority to acquire or repurchase the A Ordinary Shares in the Company

Special resolution number 1

"**Resolved that** the general authority of the Company to repurchase its A Ordinary Shares, upon such terms and conditions and in such amounts as the Directors may from time to time decide at their discretion, but subject to the Company's Constitution, the provisions of the Mauritius Companies Act, ("the Mauritius Companies Act") and the JSE Listings Requirements, is hereby approved, provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Ethos Capital and the counterparty (reported trades are prohibited);
- authorisation for the repurchase is given by the Company's Constitution;
- at any point in time, Ethos Capital may only appoint one agent to effect any repurchase(s) on Ethos Capital's behalf;
- this general authority will be valid until Ethos Capital's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this resolution;
- an announcement will be published on the Stock Exchange News Service ("SENS") as soon as Ethos Capital has acquired any of its securities of a relevant class constituting, on a cumulative basis, 3% (three percent) of the initial number of securities of that relevant class in issue at the time that the general authority was granted, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases, such announcement to be published as soon as possible and not later than 08:30 (South African standard time) on the second business day in South Africa and Mauritius following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements in this regard;
- repurchases by Ethos Capital of its securities may not, in aggregate in any one financial year, exceed 5% (five percent) (13,925,000 A Ordinary Shares) of Ethos Capital's issued share capital of that class as at the beginning of the financial year ending 30 June 2021 (excluding treasury shares);
- in determining the price at which the Company's securities are acquired by the Company in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% (ten percent) of the weighted average of the market value at which such securities are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such securities by Ethos Capital. The JSE will be consulted for a ruling if such securities have not been traded during the course of such five business-day period;

- Ethos Capital may not repurchase any of its securities in terms of this authority during a "prohibited period" (as such term is defined in the JSE Listings Requirements), unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period. Ethos Capital must instruct an independent third party, which makes its investment decisions in relation to Ethos Capital's securities independently of, and uninfluenced by, Ethos Capital, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- any such repurchase may be subject to exchange control regulations and approval at that time; and
- a resolution has been passed by the Board authorising the repurchase and confirming that Ethos Capital passed the solvency and liquidity test in terms of the Mauritius Companies Act and that, from the time the test was done there have been no material changes to the financial position of the Company."

Reason for and effect of special resolution number 1

The reason for the passing of this resolution is to grant the Company a general authority in terms of the JSE Listings Requirements for the acquisition by the Company of its securities, which authority shall be valid until the next AGM, provided that the general authority shall not extend beyond 15 months from the date of this special resolution number 1.

The effect of special resolution number 1 is to enable Ethos Capital, by way of a general authority, to acquire its securities from the holders of such securities.

Information in respect of major shareholders, share capital and material changes is contained in the Notes to the Annual Financial Statements, which information is required by the JSE Listings Requirements with regard to the resolution granting a general authority to Ethos Capital to repurchase its securities.

The Directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution, to the extent required by law, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all relevant information required by the JSE Listings Requirements.

Statement by the Directors

The Directors will not commence a general repurchase of shares, as allowed for in this resolution, unless the following can be met:

- Ethos Capital will be able in the ordinary course of business, to pay its debts for a period of 12 months following the date of the general repurchases.
- Ethos Capital's assets will be in excess of the liabilities of Ethos Capital for a period of 12 months following the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited Annual Financial Statements which comply with the Mauritius Companies Act.
- Ethos Capital will have adequate share capital and reserves for ordinary business purposes for a period of 12 months following the date of the general repurchase.
- The working capital of Ethos Capital will be adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase.
- The Board will pass a resolution authorising the repurchase, confirming that Ethos Capital has passed the solvency and liquidity test in terms of the Mauritius Companies Act and further confirming that, since the test was performed, there have been no material changes to the financial position of Ethos Capital and its subsidiaries.
- The intention of the general authority sought is to provide the Directors with the ability to, when they deem it appropriate, to repurchase the Company's A Ordinary Shares for the purpose of, but not limited to, holding such shares in treasury.
- In the event that the repurchase was made during a prohibited period through a repurchase programme pursuant to paragraph 5.69(h) and/or 14.9(e) of Schedule 14 of the JSE Listings Requirements, a statement will be issued confirming that the repurchase was put in place pursuant to a repurchase programme prior to a prohibited period in accordance with the JSE Listings Requirements.

Approvals required for resolutions

Ordinary resolutions numbers 1 to 11 contained in this Notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM convened to approve these resolutions, subject to the provisions of the Company's Constitution, the Mauritius Companies Act and the JSE Listings Requirements.

Ordinary resolution number 12 and Special resolution number 1 contained in this Notice of AGM require the approval of at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM convened to approve these resolutions, subject to the provisions of the Company's Constitution, the Mauritius Companies Act and the JSE Listings Requirements.

Equity securities held by a share trust or scheme, and unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Electronic participation arrangements

The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication. Considering the measures put in place by the South African Government in response to the COVID-19 pandemic, the Board has decided that the AGM will only be accessible through a remote interactive electronic platform as detailed below.

Shareholders or their duly appointed proxies who wish to participate in the AGM are required to complete the **Electronic Participation Application Form**, which will be available from the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited ("Computershare") and email the completed form to Computershare at *proxy@computershare.co.za* as soon as possible, but in any event by no later than 14h00 on Friday, 13 November 2020.

Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM.

Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The Company's Transfer Secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them an electronic meeting invitation required to access the AGM.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the AGM are requested by no later than 14h00 on Tuesday, 17 November 2020 to join meeting by accessing the meeting invitation provided by the Company, whose admission to the meeting will be controlled by a moderator.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company or its Transfer Secretaries, and neither will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and /or voting at the AGM.

Voting

Voting will be via a poll: every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

A shareholder entitled to participate and vote at the AGM is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

The electronic platform to be utilised to host the AGM does not provide for electronic voting during the meeting.

Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the Form of Proxy (found on page 131) and lodging this form with Computershare by no later than 14:00 on Friday, 13 November 2020 by:

- delivery to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- email to *proxy@computershare.co.za*

Any forms of proxy not submitted by this time can still be lodged by email to *proxy@computershare.co.za* prior to the commencement of the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the AGM.

Shareholders who indicate in the Electronic **Participation Application Form** that they wish to vote during the electronic meeting, will be contacted by Computershare to make the necessary arrangements.

Questions

Shareholders are encouraged to submit via email any questions in advance of the AGM to the Company Secretary at *ethoscapital@ocorian.com* or *ethoscapital@ethos.co.za*. These questions will be addressed at the AGM and will be responded to via email thereafter.

Record dates

The record date for shareholders to be recorded on the securities register of the Company in order to receive this Notice of the AGM is Friday, 9 October 2020.

The record date for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the AGM is Friday, 6 November 2020, and the last date to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is Tuesday, 3 November 2020.

FORM OF PROXY

EPE Capital Partners Ltd
(The "Company" or "Ethos Capital")
(Incorporated in the Republic of Mauritius)
(Registration number: C138883 C1/GBL)
JSE Share Code: EPE ISIN: MU0522S00005

Annual General Meeting to be held at 14:00 on 17 November 2020

Dear Sir/madam

I/We ____ (please print) of ___________

____ (address), being a shareholder of EPE Capital Partners Ltd, hereby appoint:

1. ______________________ of ______________________ or failing him/her,
2. ______________________ of ______________________ or failing him/her, the Chairperson

of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 17 November 2020, at 14:00 and at any adjournment thereof in the manner indicated below.

I/We desire my/our vote(s) to be cast on the resolutions as follows:	FOR	AGAINST	ABSTAIN
Ordinary resolutions			
1. RESOLVED THAT the audited Annual Financial Statements of the Group and Company, including the Auditor's Report for the year ended 30 June 2020, be hereby considered and approved and the Integrated Annual Report for the year ended 30 June 2020 be considered.			
2. RESOLVED THAT Deloitte South Africa be reappointed as independent auditor of the Company and Mr Dinesh Munu as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
3. RESOLVED THAT Deloitte Mauritius be reappointed as independent auditor of the Company and Mr Jacques Du Mée as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
4. RESOLVED TO re-elect Ms Yvonne Stilhart as Director.			
5. RESOLVED TO re-elect Mr Yuvraj Juwaheer as Director.			
6. RESOLVED TO re-elect Mr Derek Prout-Jones as a member of the Audit and Risk Committee.			
7. RESOLVED TO re-elect Mr Kevin Allagapen as a member and chairperson of the Audit and Risk Committee.			
8. RESOLVED TO re-elect Mr Yuvraj Juwaheer as a member of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4 above.			
9. RESOLVED THAT the Directors' remuneration for the year ending 30 June 2021 be hereby approved.			
10. RESOLVED THAT the remuneration policy of the Company be hereby endorsed.			
11. RESOLVED THAT the implementation report on the Company's remuneration policy be hereby endorsed.			
12. RESOLVED THAT the general authority of the Company to issue A Ordinary Shares of the Company and/or other convertible securities for cash be hereby approved. The issue is limited to 9,000,000 (3.2% of the A Ordinary Shares in issue at the date of the Notice of the AGM, excluding treasury shares).			
Special resolution			
1. RESOLVED THAT the general authority of the Company to acquire or repurchase up to 5.0% (13,925,000) of the A Ordinary Shares of the Company in issue at the beginning of the June 2021 financial year (excluding treasury shares), be hereby approved.			

Dated this ______________________ day of ______________________ 2020.

Name: ____

Designation: ____

For and on behalf of: ____

NOTES TO FORM OF PROXY

1. Shareholders who have not dematerialised their shares, or who have dematerialised their shares with "own name" registration, are entitled to attend and vote at this meeting, and are entitled to appoint a proxy or proxies to attend, speak and vote on their behalf.
2. Every person entitled to vote who is present at the AGM shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by the shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company in respect of every matter that may be decided by polling.
3. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or Computershare Investor Services (Pty) Ltd or waived by the Chairperson of the AGM.
5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Pty) Ltd.
6. This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
7. Forms of proxy must be lodged at or posted or emailed to Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank or *proxy@computhershare.co.za* or at Ocorian (Mauritius) Limited at the Company's registered office or at *ethoscpapital@ocorian.com*, to be received not later 14:00 on Friday, 13 November 2020. Any forms of proxy not lodged by this time must be lodged by email to *proxy@computershare.co.za* prior to the commencement of the meeting.
8. Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any appointed proxy.
9. If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the AGM, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.
10. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, must contact their CSDP or broker in the manner and time stipulated in their agreement to furnish them with their voting instructions and, in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

CORPORATE INFORMATION

Directors
Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

Senior Advisors (Officers)
Jean-Pierre van Onselen (CFO)
Peter Hayward-Butt (CEO)

Investment Advisor
Ethos Private Equity (Pty) Limited
35 Fricker Road
Illovo
Johannesburg, 2196

Company Secretary and registered office
Ocorian (Mauritius) Ltd
6th Floor, Tower A
1 Cybercity
Ebene
Mauritius

Auditors
Deloitte
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte
5 Magwa Crescent
Waterfall City
Johannesburg
2090

Listing
JSE Ltd
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials – Equity Investment Instruments

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

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
Johannesburg, 2196

EPE CAPITAL PARTNERS Ltd ("ETHOS CAPITAL" OR "THE COMPANY") INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL ISIN: MU0522S00005 SHARE CODE: EPE

GREYMATTERFINCH # 14256

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