

R1.8 billion carrying value
of invested capital, with
22 Portfolio Companies

R8.65 NAVPS at Brait's NAVPS,
and **R6.65 NAVPS**
at Brait's share price

7.0x unchanged
EV/EBITDA valuation
multiple of unlisted portfolio

8.6% LTM EBITDA
growth of top **5** unlisted
investments

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

OVERVIEW

COVID has had a significant impact on most of the Portfolio Companies. As a consequence of the initial lockdown, the Portfolio Companies implemented significant cost-saving initiatives and improved operational efficiencies, and focused on finding opportunities to grow the businesses post the crisis. With the improved consumer sentiment, slightly improved macroeconomic outlook, and easing of respective lockdown restrictions towards the second

part of the year, most of the Portfolio Companies benefitted from these earlier initiatives that resulted in stronger than expected recoveries across some of these businesses. The largest five unlisted investments achieved growth in their last 12 months ("LTM") attributable revenue and EBITDA of 15.0% and 8.6% respectively, resulting in significant valuation uplifts.

Some others though have been adversely impacted by the further enforced lockdowns and consumer restrictions and spending, with Virgin Active and Ster Kinekor having to contend with significant reductions in revenue that necessitated significant restructuring of the businesses to ensure they are viable and able to thrive in a post-COVID world.

Despite a significant re-rating of the market from its COVID lows with some sectors having fully recovered, Ethos has kept the valuation multiples effectively at the March 2020 levels until the sustainability of the recovery and investment performance is entrenched. The unlisted portfolio is valued at an unchanged implied EV/maintainable EBITDA multiple of 7.0x.

The NAV of R1.7 billion increased slightly over the period, while the NAVPS, including Brait at its share price that increased by 12% during the period, ended the six-month period flat at R6.65. The NAVPS, including Brait at a valuation of its last reported NAVPS, decreased from R9.12 to R8.65. Ethos Capital benefitted from R159 million of realisations during the past 12 months, including a partial sale of Channel VAS for R75.7 million, that achieved a multiple on invested capital ("MOIC") of 1.6x and a gross internal rate of return ("IRR") of 25%. Following the R1 billion invested during the six months to 30 June 2020, the investment rate was subdued during the current period, with only a few bolt-on acquisitions by Portfolio Companies.

The impact of COVID is likely to be felt for some time and the macroeconomic outlook for South Africa remains uncertain. The Board believes that remaining focused on theme/tailwind-led investing, leveraging the sector and domain expertise of Ethos while exercising price discipline, should enable the Company to generate sustainable, market-leading returns for its investors.

EXTRACT OF STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Dec 2020 R'million	30 June 2020 R'million	31 Dec 2020 R'million	30 June 2020 R'million
ASSETS				
Non-current assets				
Unlisted investments at fair value	1,804.3	1,891.7	1,804.3	1,891.7
Current assets	67.2	13.4	66.7	12.9
TOTAL ASSETS	1,871.5	1,905.1	1,871.0	1,904.6
EQUITY AND LIABILITIES				
Total ordinary shareholders' equity	1,713.6	1,711.8	1,863.4	1,856.2
Non-current liabilities	150.3	184.9	-	40.0
Current liabilities	7.6	8.4	7.6	8.4
Total liabilities	157.9	193.3	7.6	48.4
TOTAL EQUITY AND LIABILITIES	1,871.5	1,905.1	1,871.0	1,904.6
NET ASSET VALUE	1,713.6	1,711.8	1,863.4	1,856.2
Basic net asset value per share (Rand)	6.65	6.65	6.88	6.85
Attributable shares in issue ('000)	257,500	257,500	271,000	271,000

THE ADVISOR: ETHOS

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

RESPONSIBILITY STATEMENT

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

<https://senspdf.jse.co.za/documents/2021/JSE/ISSE/EPEE/EPECAP1220.pdf>

and is published on the Company's website, alongside the Summarised Interim Financial Statements, at: <https://ethoscapital.mu/investors/reports-results/>

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

INVESTMENT PORTFOLIO – AT 31 DECEMBER 2020

Name	Valuation R'million	% of total assets
Primary/Secondary Investments		
Ethos Fund VII	688.8	36.8
Ethos Mid Market Fund I	395.4	21.1
Ethos Healthcare Platform	137.6	7.4
Ethos Ai Fund I	92.5	4.9
Ethos Fund VI	51.7	2.8
Ethos Mezzanine Partners 3	8.5	0.4
Co-Investments		
Brait	280.1	15.0
Primedia/Ster Kinekor	67.2	3.6
Channel VAS	52.0	2.8
Ke vro	30.5	1.6
	1,804.3	96.4

TOP 10 UNDERLYING PORTFOLIO COMPANIES – AT 31 DECEMBER 2020

Name	Business description	Year*	% of total assets
Channel VAS	FinTech service provider	2018	24.4
Virgin Active (Brait)	Health club operator	2020	12.9
Premier (Brait)	FMCG manufacturer	2020	11.5
Echo	Corporate ISP	2018	9.9
Vertice	MedTech	2018	9.4
Synerlytic	Specialised analytical and testing services	2019	6.7
Gammatek	TMT accessory distribution	2018	4.4
Primedia	Media	2017	3.8
Ke vro	Corporate clothing and gifting	2017	3.1
Twinsaver	Manufacturing (FMCG)	2015	1.8
			87.9
Other (12 Portfolio Companies)			8.5
Total underlying investments			96.4

* Initial acquisition date by Ethos Fund



11 March 2021