ETHOS
CAPITAL

INTEGRATED ANNUAL REPORT

for the year ended 30 June 2021

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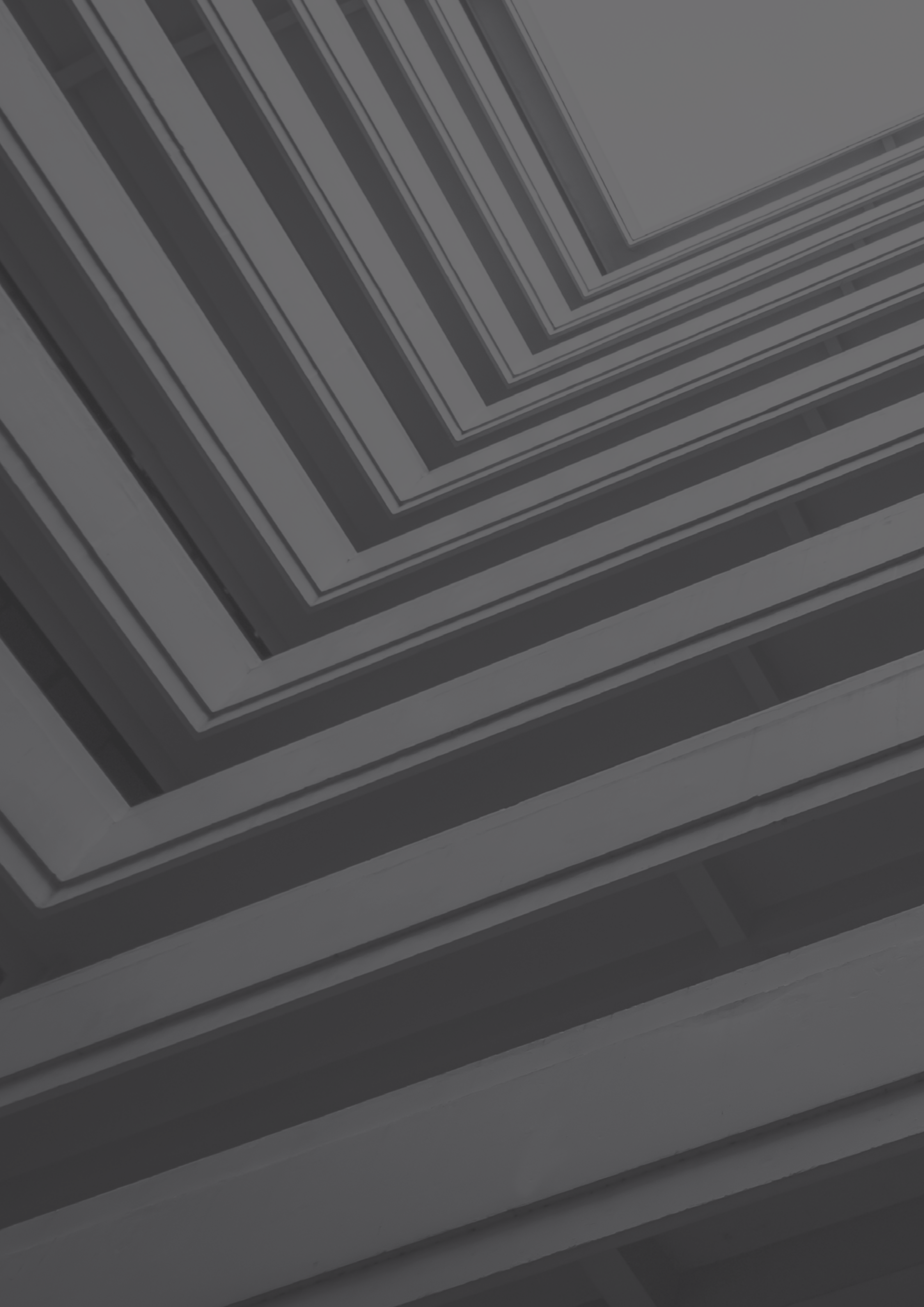

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INTRODUCTION

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 2021. 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 ("Board") has drawn assurance on the Integrated Annual Report from the external auditor, Deloitte & Touche South Africa, through its audit of the Annual Financial Statements and its report to shareholders on page 84 of the Annual Financial Statements.

The Integrated Annual Report has been reviewed by the Audit and Risk Committee and approved by the Board, 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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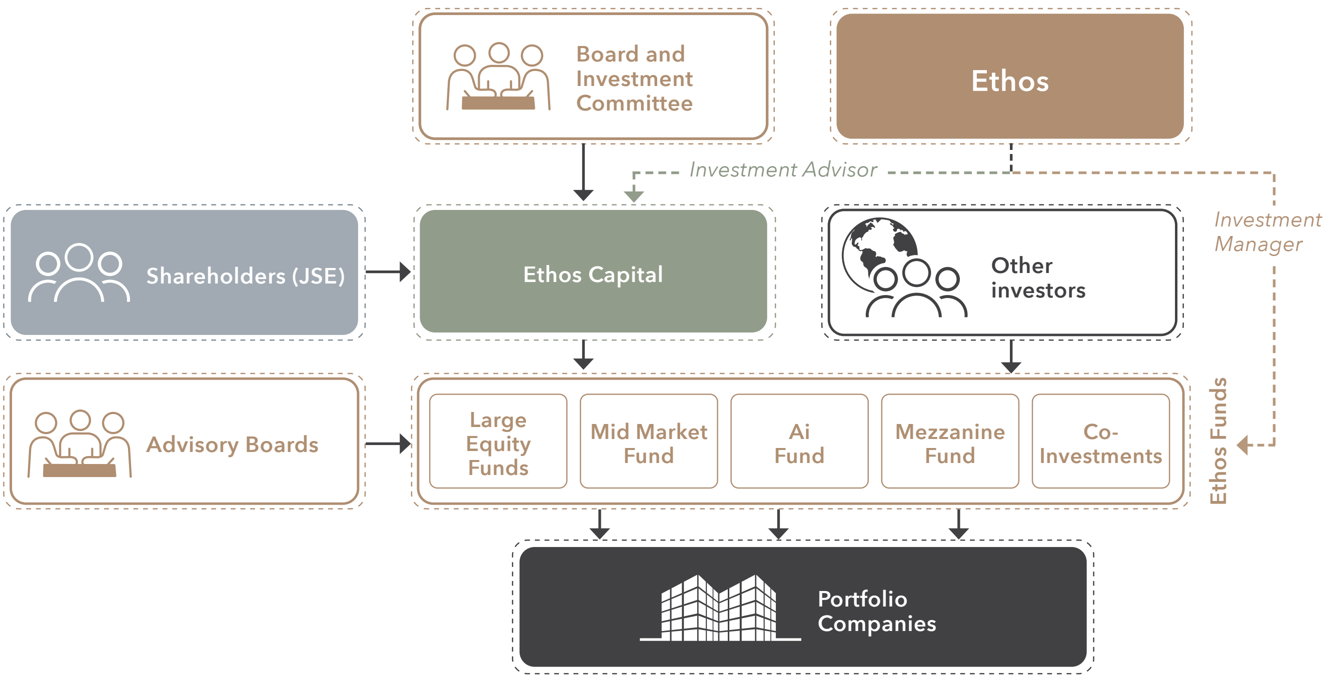


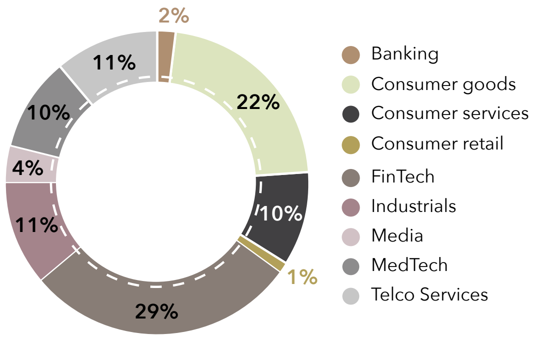
FINANCIAL AND OPERATIONAL HIGHLIGHTS

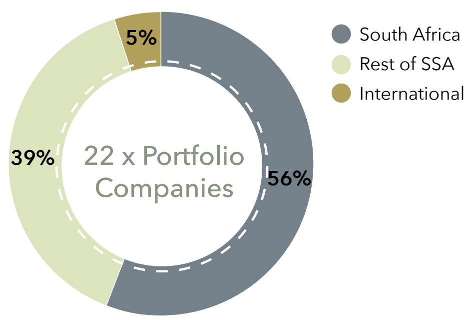
A year of recovery and growth post the unprecedented global COVID pandemic

R1.8 billion carrying value of invested capital and **R9.19** NAVPS

R150 million realised, including partial sale of Channel VAS (25% IRR); **4x** bolt-on acquisitions completed within portfolio

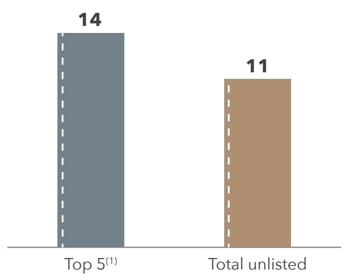
a well-diversified portfolio



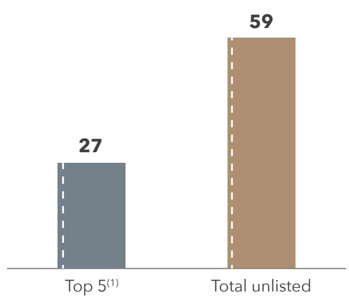


the benefit of cost-saving initiatives and improved operating leverage has manifested in some strong recoveries

LTM attributable revenue growth of unlisted portfolio – %



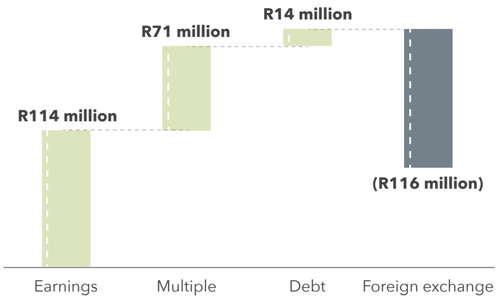
LTM attributable EBITDA growth of unlisted portfolio – %



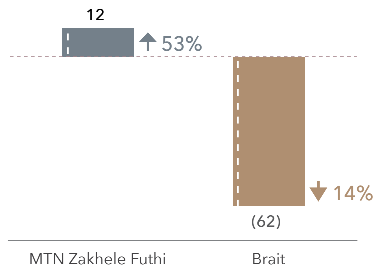
1 *61% of total assets.*

as is reflected in portfolio valuation movements over the year

UNLISTED PORTFOLIO VALUATION MOVEMENTS

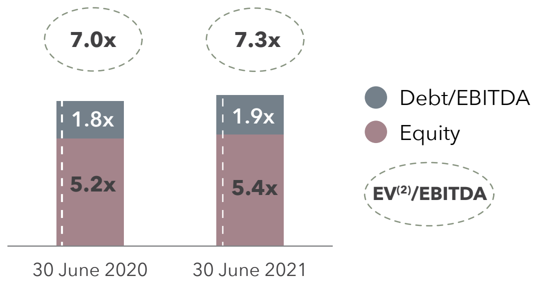


LISTED PORTFOLIO VALUATION MOVEMENTS

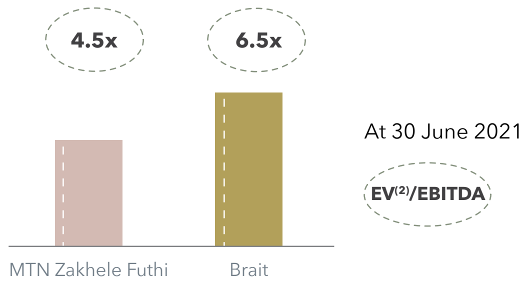


largely static valuation multiples

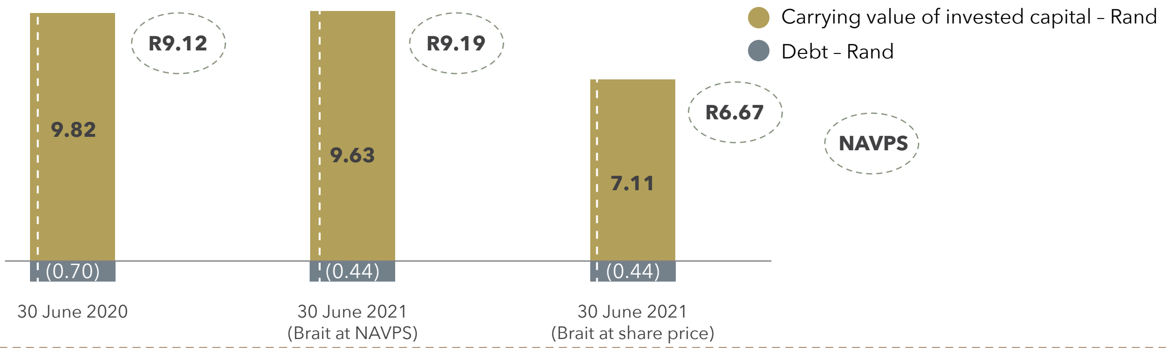
UNLISTED PORTFOLIO



LISTED PORTFOLIO

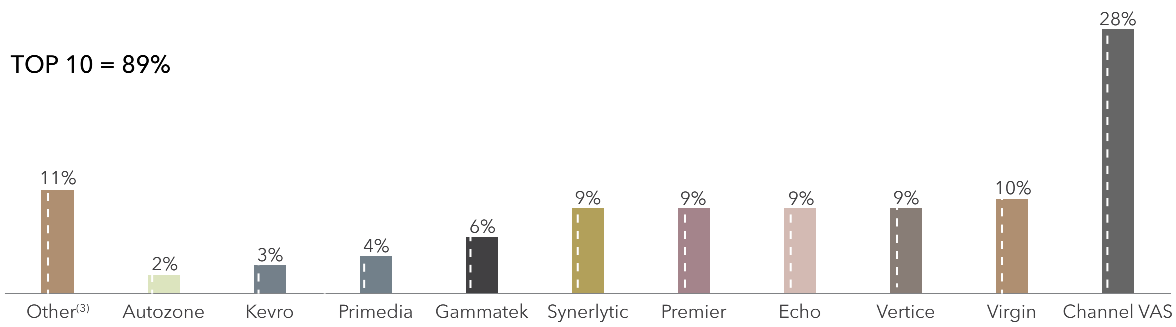


with potential for further recovery in NAVPS



TOTAL ASSETS CONTRIBUTION – R1.9 BILLION

TOP 10 = 89%



[2] *Enterprise value.*
[3] *Including 12 Portfolio Companies and current assets.*

LEADERSHIP REPORTS

CHAIRPERSON'S REPORT

"Previous periods of challenging economic environments have demonstrated that private companies are agile in innovating and adapting their business models to create new products and services relevant to changing circumstances and client needs and preferences."

Yvonne Stillhart
Chairperson

I am delighted to share our 2021 Integrated Annual Report, which illustrates that we have continued to implement on our strategy, and details the safeguarding measures we have taken in dealing with the impact of the global COVID pandemic.

The 2021 financial year continued to be dominated by the COVID pandemic, and the impact has been, and continues to be, far reaching across societies and global economies. With the vaccination programmes, there is hope that the virus can be brought under control; although the longer-term macroeconomic effects are still difficult to predict. Equity markets have evidenced degrees of recovery but there may be bumps in the road ahead. Against this, Ethos Capital's portfolio has proven relatively resilient.

The Group's portfolio is still weathering a weak South African economy. The effect of a continuously challenging economic environment is augmented by the impact of the pandemic and the political challenges in South Africa. Against this backdrop, Ethos' management, together with the Portfolio Companies' management, succeeded in steering through these stormy times. Ethos' rapid response to the economic shock through active management and measures to safeguard employees and the business led to an appropriate level of stability and subsequent recovery.

Ethos' disciplined investment approach provided the foundation for Ethos Capital to steer through the last financial year and the portfolio managed to deliver growth in NAV. Despite this, the Group's share price remains subdued due, in part, to structural effects of holding shares in the listed Brait investment which is in itself trading at a large discount. The Ethos Capital Group's NAVPS, based on Brait's last reported NAVPS (as at 31 March 2021), increased by c.1% over the year from R9.12 to R9.19 at 30 June 2021.

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 its investment portfolio and it continues to assess options to drive shareholders value.

In response to the pandemic during the past financial year, we conducted an expansive review of the portfolio's risk/return profile against the backdrop of the effects of the pandemic and the weak South African economy. The Board adopted a slight rebalancing of the portfolio, resulting in the secondary sale of Ethos Capital's commitment to the Ethos Mezzanine Fund, that significantly reduced our outstanding commitments to this Fund. In addition, the sale of a small portion of its shareholding in Channel VAS returned c.R76 million at a 25% internal rate of return ("IRR").

Our commitment to socially responsible investing in long-term sustainable businesses continues to remain an important driver in long-term financial returns.

Deeply embedded in our primary objective to generate superior returns, is the unequivocal recognition and responsibility of our role in the broader South African and sub-Saharan African ("SSA") community. As forerunners in our market, we drive sustainability, social responsibility, and ethics in all our activities. Environmental, Social and Governance ("ESG") parameters are assessed and addressed throughout Ethos' investment processes in line with its Responsible Investment Policy and ESG Management System. Ethos has a dedicated ESG team which together with the investment teams ensure the effective management of ESG topics. Through their activities, we are tackling societal and environmental issues with the highest conviction and far beyond legal requirements. Ethos is using the International Finance Corporation's ("IFC") Performance Standards as well as linking its efforts with the United Nations Sustainable Development Goals ("UN SDGs"). As a custodian 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.

I am particularly proud of the Ethos Educational Foundation Trust ("the Education Trust") and the bursary programme in partnership with The Tomorrow Trust. The Education Trust is providing assistance to talented, yet previously disadvantaged, individuals in their education. Many Ethos staff members support this programme as mentors, giving up numerous hours of their time to coaching and encouraging our students. We are proud of the students who have graduated and secured permanent employment, and those who are currently completing internships with major financial institutions.

The Board of Ethos Capital and the Ethos team continue – as individuals and through the Ethos Group – to give back to society by sponsoring and helping organisations that aid to build a stronger and better society. Furthermore, the Board feels very strongly about aligning itself with our stakeholders in the current pandemic-impacted environment and has waved any potential Directors' fee increases for the second consecutive year.

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

The Board and management continue to focus on strategic options to generate long-term shareholder value by actively managing Ethos Capital's portfolio for value and strategically managing its liquidity, in an optimal risk/return adjusted way. Although the Board does not have a stated discount control policy in place, utilising all means to enhance NAVPS remains the key strategic focus of the Board.

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

Outlook

South Africa's economic and political challenges along with the COVID pandemic are expected to continue to have a profound impact during the coming financial year and some years to come. Against this backdrop, Ethos Capital is entering the new financial year with a strong portfolio from which we are likely to see liquidity events from portfolio disposals. The Board has confidence in the value creation and portfolio management approach of Ethos to continue to further develop our well-diversified portfolio. Previous periods of challenging economic environments have demonstrated that private companies are agile in innovating and adapting their business models to create new products and services relevant to changing circumstances and client needs and preferences.

Annual General Meeting

The Annual General Meeting of shareholders of Ethos Capital will be held entirely via a remote interactive electronic platform on Tuesday, 16 November 2021, at 14:00.

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 economic impact of COVID has forced many businesses to reinvent themselves and their customer offerings, and many of these enforced changes will lead to materially better businesses over the medium term."

Peter Hayward-Butt
Chief Executive Officer

Review of the year

The past year has been a rollercoaster for the economic fortunes of Ethos Capital's Portfolio Companies. A significant majority of the Portfolio Companies has seen strong operating performance and growth post the initial hard lockdowns imposed by governments around the world. The benefit of the cost-saving initiatives and improved operating leverage has manifested in stronger than expected recoveries across many of these businesses. Unfortunately, some of these companies were impacted by the recent social unrest across South Africa, the indirect impacts of which will be felt for some time to come. However, a number of the Portfolio Companies has continued to be adversely impacted by the enforced lockdowns and restrictions on normal consumer access.

While the macroeconomic landscape in South Africa remains weak, the economy appears to have rebounded faster than most commentators had forecast and the outlook across some key sectors remains relatively positive. The economic impact of COVID has forced many businesses to reinvent themselves and their customer offerings, and many of these enforced changes will lead to materially better businesses over the medium term. Many of Ethos Capital's Portfolio Companies have pivoted extremely well and used the last 12 months to strengthen their market positions and grow their businesses. The robust growth is likely to continue in an economy that has to find ways to cope with the longer-term impacts that COVID is likely to have on societies globally.

In my opinion, it is imperative that the South African government and the private sector work collaboratively to resolve many of the structural and societal issues that have plagued the country and led to the unrest and economic destruction that resulted. Ethos continues to focus its ESG efforts across its Portfolio Companies to achieve a more equitable and prosperous society that will better peoples' lives and provide a platform for long-term sustainable economic growth.

The 2021 financial year delivered positive growth in underlying earnings before interest, tax, depreciation and amortisation ("EBITDA") of almost all of the unlisted Portfolio Companies (90% by value) as these companies emerged from the height of the COVID pandemic. The growth demonstrated the market leadership of many of the businesses, which managed to grow market share and extend their market reach across new products and geographies. While there was an element of base effect in the growth rates, many of the Portfolio Companies have achieved higher profitability levels than pre-COVID, which is a credit to the focus and resilience of the management teams. The valuation of the majority of unlisted assets has increased during the year.

In a diversified portfolio there will inevitably be underperforming assets and some of the Portfolio Companies continue to be impacted by the ongoing impacts of COVID restrictions globally. Companies such as Virgin Active, Ster Kinekor and Kevro have faced multiple challenges to their businesses due to the stop-start nature of the government responses.

As a consequence, these companies have seen a reduction in their underlying valuations which has adversely impacted the overall return.

Ethos Capital's unlisted portfolio achieved a 7% return for the year. The reduction in the valuation of the COVID-impacted assets (Kevro, Twinsaver, Ster Kinekor and Primedia) negatively impacted the total return by 8%, implying a 15% return for the remainder of the unlisted portfolio. This was achieved despite the negative impact on the Channel VAS valuation, due to the strengthening of the ZAR:US$, which reduced the return by 8%. Brait's NAVPS decreased by 4% during the year, which resulted in Ethos Capital's NAVPS increasing marginally from R9.12 to R9.19. The Ethos Capital NAVPS including Brait at its share price, increased from R6.65 to R6.67.

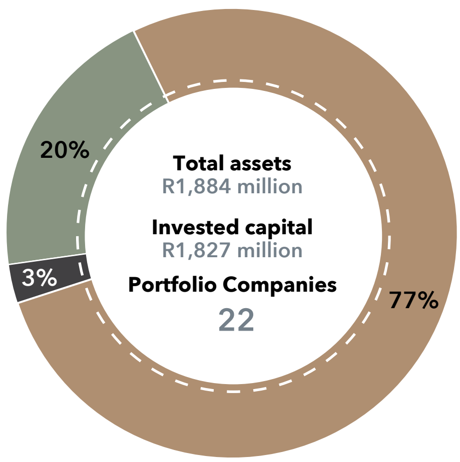
A significant number of Ethos Capital's Portfolio Company assets have been through their investment cycle and are now reaching the end of their investment period and will look to be realised. During the year, Ethos Capital received proceeds of R150 million from various disposals, the largest of which was the partial sale of Channel VAS in December 2020 for c.R76 million, which achieved a 1.6x multiple of invested capital ("MOIC") and an IRR of 25%. Pleasingly, almost all of the realisations achieved valuations in excess of the prevailing NAV which demonstrates the robustness of Ethos' valuation methodology. Many of the Portfolio Companies are market leaders in their sectors and remain sought after acquisitions for trade and financial players alike.

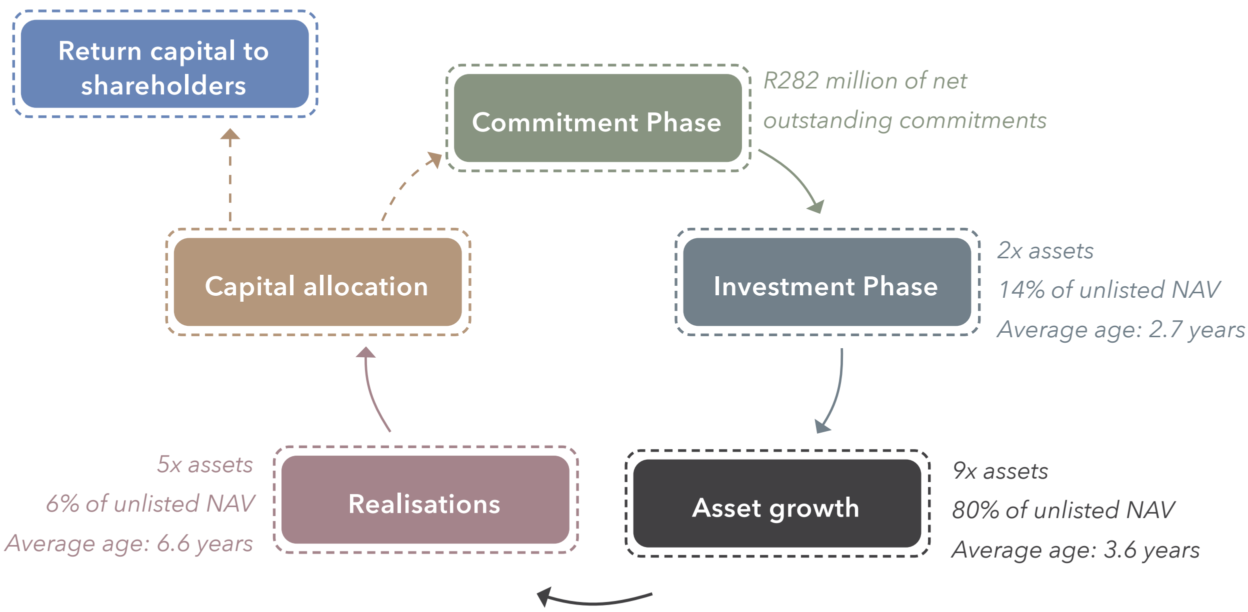
Despite the difficult operating environment, the benefit of active management in private markets has been demonstrated in the sector-leading growth of a number of the Portfolio Companies. Private equity as an asset class has outperformed the public markets over an extended period and Ethos is committed to driving and realising value from the Ethos Capital portfolio.

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.

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 alongside the Ethos Funds*





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 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 Investment Advisor'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 realised and returned to investors.

Ethos has a long, successful track record. Since 1984, Ethos's large equity Funds have invested in 110 Portfolio Companies, 98 of which have been sold generating a realised gross IRR of 24%.

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 SSA (27 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 37 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 provides a unique investment opportunity to enable shareholders to benefit from the sustained outperformance that private equity can deliver.

Performance overview

Despite a difficult year, the South African economy has rebounded relatively strongly from the depths of the COVID enforced lockdowns. Growth rates across key sectors have exceeded expectations and the benefits of better fiscal discipline have begun to be felt in the economy. While many structural and fiscal issues remain, consumer sentiment has started to improve and producer confidence is returning post the lockdowns. Managing the economy while alleviating key social imbalances will be key for the sustainability of South Africa's long-term prosperity.

By contrast, the strong gross domestic product ("GDP") growth rates of some of the other countries in SSA have provided a strong platform for growth in key sectors of these economies. While strong growth rates provide a solid platform for investment in these SSA countries, political and currency stability remain key risk factors.

Ethos remains focused 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.

While the COVID pandemic resulted in closures across most of the Portfolio Companies during the lockdown periods, most of the Portfolio Companies posted strong recoveries with the largest five unlisted investments (equating to 61% of total assets) achieving growth in their attributable last 12 months ("LTM") revenue and EBITDA of 14% and 27% respectively in the year to 30 June 2021.

The investment focus for the year was on Portfolio Company consolidation and growth of Portfolio Companies' existing market positions and, as such, almost all of the capital invested was in bolt-on acquisitions by Portfolio Companies.

Investments

Ethos' investment offering provides Ethos Capital with access to the following underlying Fund "products": large equity; mid market; mezzanine; and Ai. The underlying Funds are further detailed below.

Ethos Fund VI

During 2016, Ethos Capital acquired a US$10 million secondary stake in Ethos Fund VI ("EF VI"), a 2011 vintage fund. EF VI has provided Ethos Capital with exposure to 12 investments, two of which have been realised and delivered in aggregate a ZAR MOIC of 1.6x for Ethos Capital and a 2.6x MOIC for EF VI. In addition, Ethos Capital participated in two Co-Investment opportunities alongside EF VI in Primedia and Vertice.

At 30 June 2021, Ethos Capital has undrawn commitments of R12 million to EF VI.

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor large equity fund for EF VI.

The Fund has completed three investments, of which Ethos Capital invested c.R800 million:

- Channel VAS, a provider of airtime credit services to prepaid mobile subscribers, with operations and contracts with mobile network operators across 28 countries in Africa, the Middle East, Asia and Latin America;
- Echo, a corporate internet service provider that provides information and communications technology services through an aggregation of third party networks; and
- Brait, a listed investment holding company with a portfolio consisting of Virgin Active, Premier, New Look and Consol Glass.

In addition, Ethos Capital has made Co-Investments alongside EF VII in Channel VAS and Brait through a separate Fund, Ethos Direct Investment Partnership ("EDI"). EF VII is now fully invested and is focused on realising value from its six Portfolio Companies. Ethos Capital has no further outstanding commitment to EF VII with full discretion over any further participation in the Fund.

Ethos Mid Market Fund

Ethos Capital has committed R950 million to Ethos Mid Market Fund I ("EMMF 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. The Fund has total commitments of R2.5 billion and to date has completed eight acquisitions.

Ethos Capital has undrawn commitments of R319 million to EMMF I.

Ethos Mezzanine Fund

Ethos Mezzanine Partners Fund 3 ("EMP 3") is a Fund that provides mezzanine and quasi-equity growth or acquisition financing solutions to companies in Southern and East Africa.

Ethos Capital had committed R250 million out of the total commitments of US$123 million (c.R1.8 billion). In order to strengthen its liquidity position, Ethos Capital has entered into a series of transactions including the sale of US$6 million of its commitments to an existing partner of EMP 3, which has reduced its outstanding commitments to EMP 3 to Rnil.

Ethos Ai Fund I

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 Ethos Healthcare Platform in Vertice and into TymeBank, alongside African Rainbow Capital Limited.

Ethos Capital has committed R150 million as a first close investor, with the Fund having its final close in November 2020, closing with commitments of R745 million. Following the final close, Ethos Capital received equalisation proceeds of over R25 million. It has outstanding commitments of R75 million to the Fund at 30 June 2021.

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 alongside EF VI and EAiF I. In addition to the five acquisitions that were completed to June 2020, a further two complementary medical software businesses were acquired during the year. Ethos Capital has invested R121 million into the platform to date.

Valuations

The COVID pandemic initially had a significant impact on both maintainable EBITDA and valuation multiples of the Portfolio Companies. The market has significantly rerated off its COVID lows and in many sectors, fully recovered. However, Ethos decided to keep multiples at similar levels to those prevailing at March 2020 until the sustainability of the recovery and Portfolio Company performance is entrenched. In many of the Portfolio Companies, profitability has returned to pre-COVID levels and the outlook for growth remains robust and, as such, multiples are likely to trend back in line with market performance.

As at 30 June 2021, the implied EV/maintainable EBITDA of the unlisted portfolio that is valued on an earnings-based methodology, increased slightly to 7.3x and the implied price earnings ratio ("PER") is 12.5x.

Based on the Ethos Capital share price as at 30 June 2021, the equivalent "market-implied" EV/maintainable EBITDA and PER are 4.7x and 8.0x respectively.

Share price performance

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. The Board will continue to focus on unlocking shareholder value through underlying portfolio performance and where possible 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

At 30 June 2021, Ethos Capital had invested 97% of its total assets across a portfolio of 22 companies with a combined EBITDA of c.R2.7 billion (excluding Brait and the MTN Group). The Company has current net cash liquidity of c.R45 million.

Ethos Capital, like its local and global listed private equity peers, follows an "over-commitment" strategy. It 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 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 1.9x.

Outlook

The impact of COVID is likely to be felt for some time and the macroeconomic outlook for South Africa, while improving, remains volatile. However, it is likely that the number of available investment opportunities will continue to remain robust and economic growth in other SSA countries will also provide exciting investment opportunities for the various Funds.

Ethos made good progress on a number of disposals (Iceland, DGB, Waco International and Eaton Towers) despite the difficult market conditions, and this remains a focus of the Fund teams over the medium term.

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 Investment Advisor, while exercising price discipline, should result in strong investment returns in excess of the Company's cost of equity.

The Board believes that given the liquidity outlook and the prevailing share price discount to the NAVPS, the current strategy is not to make 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

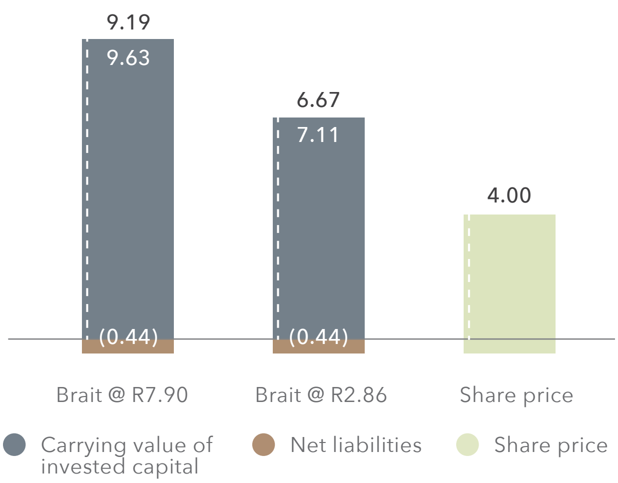
As an investment company, the performance of the NAV and NAVPS is considered the most appropriate measurement of the Group's financial performance. The NAVPS is derived from the underlying NAV of the Group, consisting of the aggregate of invested capital and net cash/assets or liabilities, and the number of its shares outstanding (net of treasury and encumbered shares).

The Ethos Capital Group's NAVPS, based on Brait's last reported NAVPS (as at 31 March 2021), increased by 1% over the year from R9.12 (at 30 June 2020) to R9.19 at 30 June 2021. This was driven by a c.7% return achieved on the unlisted portfolio, resulting from positive contributions from Channel VAS, Synerlytic, Gammatek and Vertice that compensated for negative returns from Kevro, Twinsaver, Primedia and Ster Kinekor. The listed portfolio decreased by 3% over the year, as a result of Brait's NAVPS decreasing from R8.27 to R7.90 (31 March 2020 to 31 March 2021). The investment in MTN Zakhele Futhi increased by over 50% during the year.

The corresponding 30 June 2021 Group NAVPS, based on the 30 June 2021 Brait share price, was relatively flat over the year at R6.67 (30 June 2020: R6.65). The Brait share price decreased from R3.34 (30 June 2020) to R2.86 over the year, a c.14% decline and implies a discount to its NAVPS of c.64%.

The Group's share price at 30 June 2021 was R4.00.

GROUP NAVPS AND SHARE PRICE
AT 30 JUNE 2021 – RAND



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

	NAV R'000	NAVPS Cents
At 30 June 2020	1,711,750	6.65
Net return on Temporary Investments	979	–
Net return on investment portfolio	55,168	0.22
Operating expenses	(8,184)	(0.03)
Finance costs	(14,639)	(0.06)
Fees paid to Ethos	(23,705)	(0.09)
Taxation	(4,979)	(0.02)
At 30 June 2021 (with Brait at share price)	**1,716,390**	**6.67**
Incremental Brait increase to NAVPS	650,756	2.52
At 30 June 2021 (with Brait at NAVPS)	**2,367,146**	**9.19**

The investment portfolio achieved a net gain of R55.2 million during the year, resulting from realised and unrealised gains on the unlisted portfolio of R107.2 million, unrealised losses on the listed portfolio of R50.5 million, largely driven by movements in the Brait share price, as well as some portfolio expenses. These movements are detailed further in the report.

Operating expenses totalled R8.2 million or less than 0.5% of the Group's average NAV over the year. These expenses relate to Directors' remuneration (R4.5 million), auditors' remuneration, legal and professional fees, listing-related fees and other general costs.

The fees payable to Ethos acting as the Company's Investment Advisor and Investment Manager of the Funds and Co-Investments, totalled R23.7 million, equating to less than 1.4% of the Group's average NAV over the year.

Finance costs relate to accrued interest on the Group's loan facility, interest paid on the Company's revolving credit facility that was largely drawn during the first half of the year, and commitment fees levied on the latter.

Taxation of R5.0 million was as a result of withholding tax (R4.0 million) from income distributions received during the year, largely from Channel VAS, and the Mauritian income tax expense for the year.

Further details on expenses are provided in notes 13 and 16 of the Notes to the Annual Financial Statements.

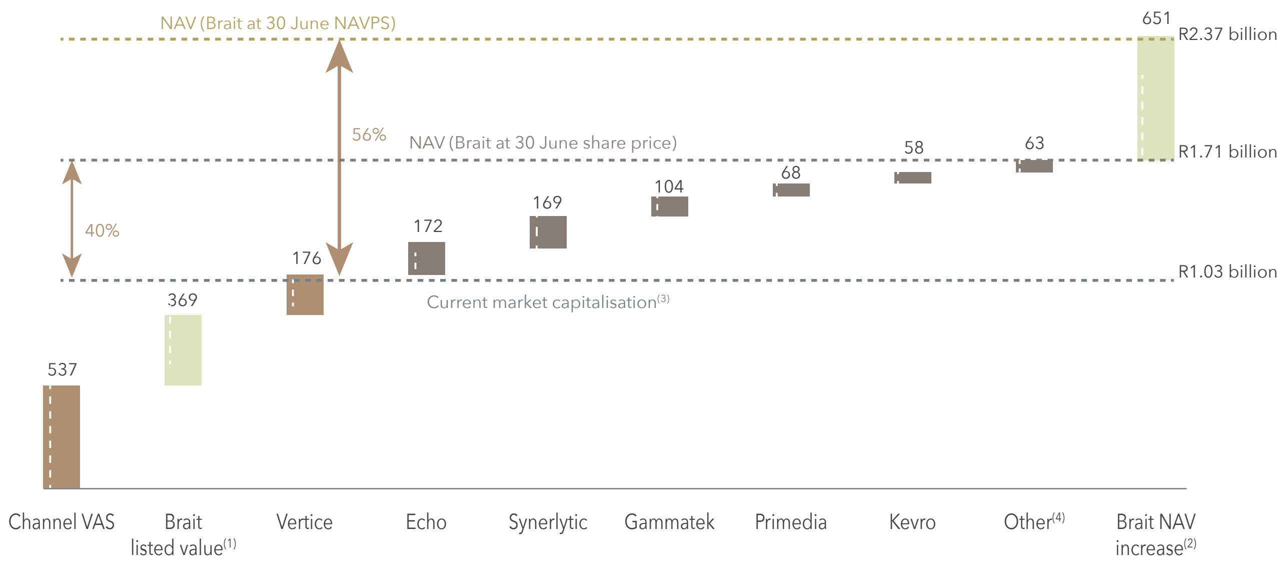
Share price analysis

As noted, the share price ended the year at R4.00, slightly down on the 30 June 2020 share price of R4.11. The share price represented a 40% discount to the Group's 30 June 2021 NAVPS, and 56% compared to the increased NAVPS that reflects the Brait investment at its last reported NAVPS.

The Group's market capitalisation as at 30 June 2021 of R1.03 billion represents 95% of the NAV of the top three investments – Channel VAS, Brait (at its share price) and Vertice. This represents a discount of 40% to the total Group NAV (Brait included at its share price) of c. R1.71 billion.

By including Brait at its last reported NAVPS, the adjusted NAV of the Group increases to c. R2.37 billion, resulting in a market capitalisation discount to the adjusted NAV of 56%.

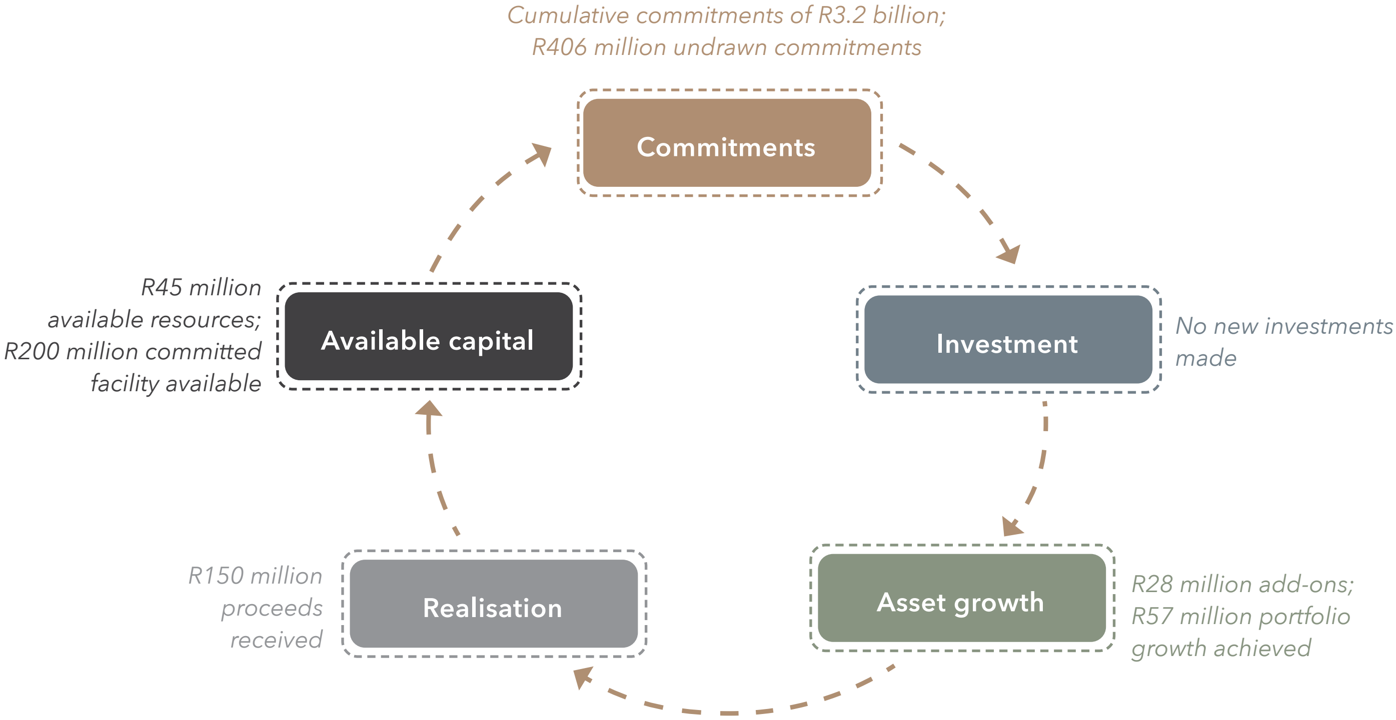
ATTRIBUTABLE NAV (Brait at 30 June NAVPS) – R'million



[1] Brait listed share price as at 30 June 2021 of R2.86.
[2] Brait NAVPS as at 31 March 2021 of R7.90.
[3] Ethos Capital share price as at 30 June 2021 of R4.00.
[4] Including 11 other investments.

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

There were no new commitments to Ethos Funds made during the year; at 30 June 2021, the Company had cumulative commitments to Ethos Funds of R3.2 billion, of which R0.4 billion were undrawn as detailed below.

Name	Vintage	Share of Ethos investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38 – 43	950,000	318,915
EAi FI	2018	20	150,000	75,262
EF VI[(1)]	2011	<2	142,725	12,175
				406,352

(1) US$10 million commitment.

Investments

Investment portfolio

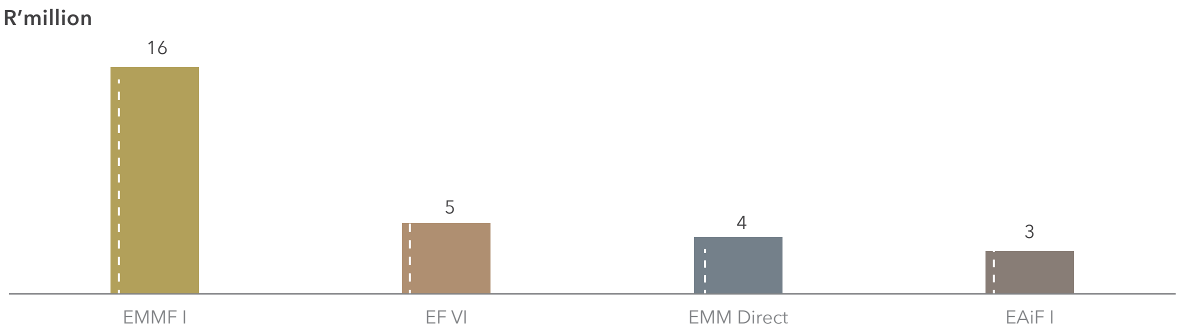
At 30 June 2021, the investment portfolio of the Company consisted of the following investments, which amounted to 97% of the total assets:

Investment name	Participation in Ethos Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
EF VII	61	697,765	37.0
EMMF I	38 – 43	456,381	24.2
EHP	13	137,647	7.3
EAiF I	20	98,036	5.2
EF VI	<2	59,820	3.2
EMP 3	n/a	6,856	0.4
Co-Investments			
Brait[1]	6	214,758	11.4
Primedia[2]	4	64,298	3.4
Channel VAS[1]	1	61,215	3.3
Kevro[3]	9	30,560	1.6
Ster Kinekor[4]	4	–	–
Total invested capital		**1,827,336**	**97.0**

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

Ethos Capital invested R28.5 million during the year into Ethos Funds – more details on the underlying investments are provided below and 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. The investment environment was fairly subdued during the year, given the significant impact and uncertainties that the ongoing COVID pandemic created, and only bolt-on investments were made during the year, as detailed below.

The EHP MedTech investment, Vertice, completed its sixth bolt-on acquisition to further consolidate its position in these complementary, high-growth products and markets. The acquisition of the PSSG Group, a medical software business that provides Ai-enabled solutions to healthcare professionals in Africa, completed in November 2020. Through its investment in EF VI, EAiF I and EHP, Ethos Capital's cumulative investment participation (at cost) is R127.1 million. In March 2021, Vertice completed its seventh bolt-on acquisition, MicroMed, a surgical drapes supplier. Vertice funded the acquisition via its own funding facility.

During January 2021, the EMMF I's investment in Synerlytic completed its fourth bolt-on acquisition, an investment in CDN Resources Laboratories Ltd ("CDN"). Based in Canada, CDN will expand Synerlytic's market share within the certified reference material ("CRM") sector and entrench Synerlytic as one of the top global mineral CRM suppliers. Ethos Capital's participation in the follow-on investment was R11.4 million.

In addition, Ethos Capital invested a further R13.2 million into the existing Portfolio Companies of EMMF I and EF VI, relating to Eazi Access, Ster Kinekor and RTT.

At 30 June 2021, the underlying investments consisted of the following 22 Portfolio Companies:

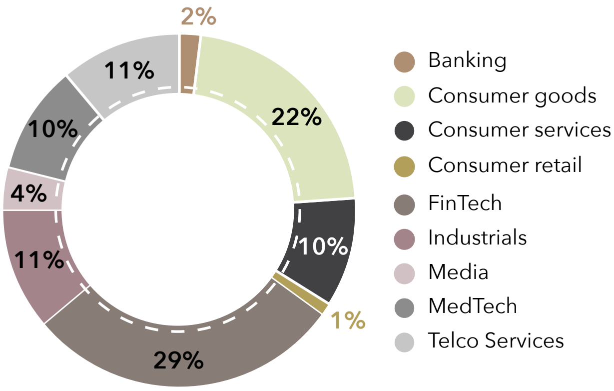
Name	Business description	Year*	% of total assets	Cumulative % of total assets
Channel VAS	FinTech service provider	2018	28.5	28.5
Virgin Active (Brait)	Health club operator	2020	9.5	38.0
Vertice	MedTech	2018	9.3	47.3
Echo	Corporate ISP	2018	9.1	56.4
Premier (Brait)	FMCG manufacturer	2020	9.0	65.4
Synerlytic	Specialised analytical and testing services	2019	9.0	74.4
Gammatek	TMT accessory distribution	2018	5.5	79.9
Primedia	Media	2017	3.6	83.5
Kevro	Corporate clothing and gifting	2017	3.1	86.6
Autozone	Automotive parts retailer and wholesaler	2014	2.0	88.6
MTN Zakhele Futhi	Telecommunications	2017	1.8	90.4
TymeBank	Banking	2019	1.6	92.0
Eazi Access	Industrial support services	2016	1.0	93.0
The Beverage Company	Carbonated drinks manufacturer	2017	0.9	93.9
New Look (Brait)	Multi-channel fast-fashion brand	2020	0.7	94.6
Consol Glass (Brait)	Manufacturer of glass packaging	2020	0.4	95.0
RTT	Logistics	2014	0.4	95.4
Neopak	Paper and packaging	2015	0.4	95.8
Twinsaver	Manufacturing (FMCG)	2015	0.4	96.2
Waco International	Industrial support services	2012	0.4	96.6
Chibuku	Brewing and distribution	2018	0.4	97.0
Ster Kinekor	Media (entertainment)	2017	–	97.0
			97.0	

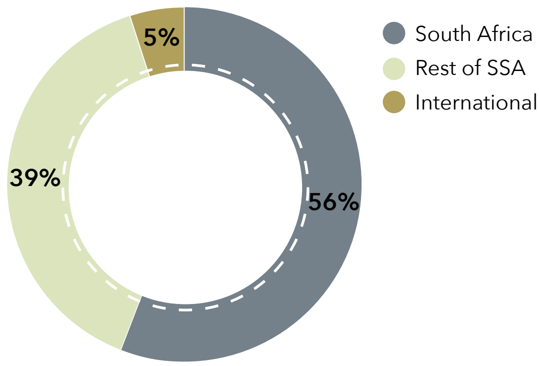
** Initial acquisition date by Ethos Fund.*

Asset growth

Portfolio Company performance

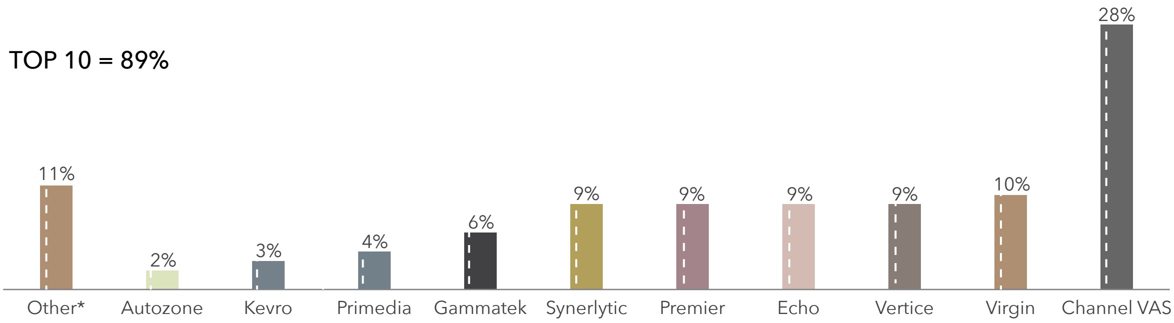
Ethos Capital's investment portfolio at 30 June 2021 has exposure to 22 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of just under R23 billion and EBITDA of almost R2.7 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.





At 30 June 2021, the contribution of each underlying Portfolio Company to the total assets of R1.9 billion, of which the top 10 investments make up 89% of the total assets, as per the below. Despite a partial realisation of the Channel VAS investment, the company's strong performance resulted in Channel VAS being a materially outsized asset in the portfolio.

TOTAL ASSETS CONTRIBUTION – R1.9 BILLION



** Including 12 Portfolio Companies and current assets.*

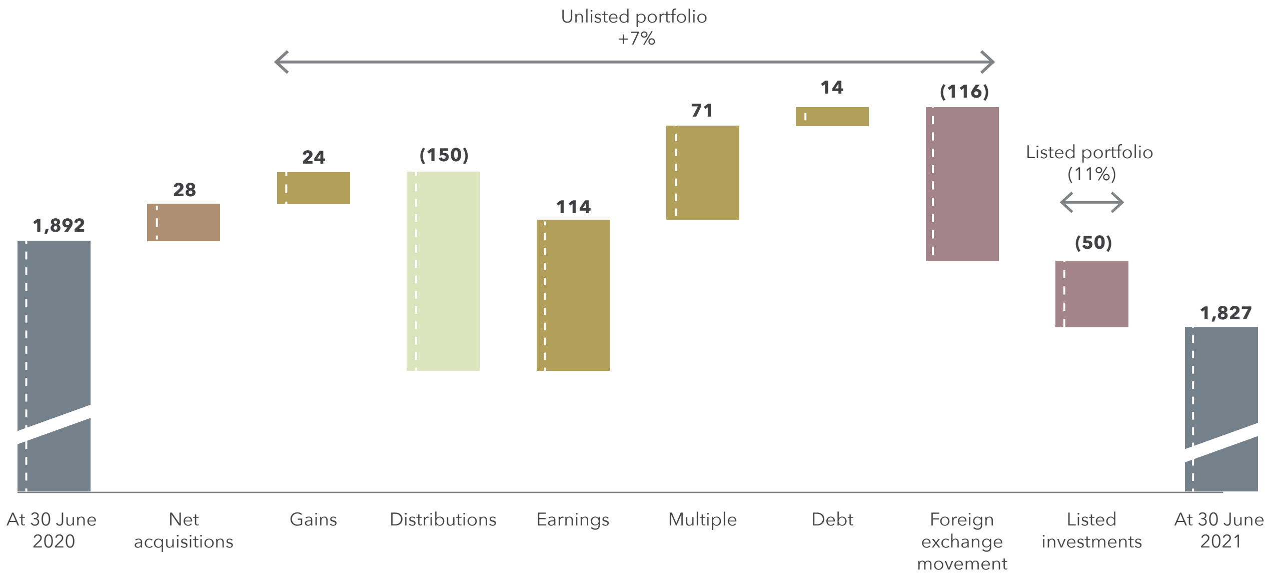
The COVID pandemic continues to impact a number of the Ethos Capital Portfolio Companies; however, the performance of the unlisted portfolio showed a strong rebound during the latter part of the financial year, and valuations have consequently increased. While COVID-enforced lockdowns continue to impact company performance and profitability, many of the Portfolio Companies have implemented robust operational strategies to counter these effects which have led to strong operational performance, in many cases significantly ahead of management forecasts.

The gross (pre-expenses) return of the unlisted investment portfolio over the year was R107.2 million, delivering a 7% return. Companies that were significantly impacted by COVID (Kevro, Twinsaver, Ster Kinekor and Primedia) negatively impacted the aggregate return and achieved a -8% return over the year. The remainder of the unlisted portfolio benefit from the strong rebound and achieved an implied 15% return over the year, despite a significant devaluation of Channel VAS due to the strengthening of the ZAR over the year against the US$ that reduced the aggregate unlisted portfolio return by -8%.

The underlying drivers of the positive return from the unlisted portfolio (taking into account where relevant investment transactions and foreign exchange movements during the year) are as follows:

- dividends received and realised gains, largely from Channel VAS, of R23.9 million;
- an increase in attributable maintainable EBITDA resulting in a value increase of R114.5 million;
- an increase driven by the implied valuation multiple of c.7.3x of R71.4 million;
- a decrease in sustainable net debt accounting for a R13.7 million appreciation; and
- an 18% strengthening of the ZAR against the US$ contributed a devaluation of R116.3 million.

MOVEMENT IN THE VALUATION DRIVERS OVER THE YEAR – R'million



Channel VAS has continued its strong growth in profitability with robust revenue growth due to increased penetration of existing contracts, new deployments and best-in-class default management and cost control measures. Travel restrictions due to COVID have impacted progress on new deployments; however, the business development pipeline continues to grow as management refines its delivery methods and improves communication channels to support customers and roll-out new deployments.

Vertice, which completed its seventh bolt-on acquisition in March 2021, has continued to grow its businesses organically despite the impact that the COVID pandemic has had on elective surgeries during the earlier part of 2020. It recovered strongly post the relaxation of the hard lockdown restrictions towards the end of last year, with the expectation to repeat that post the current third-wave lockdowns. The business remains on track to show robust earnings growth and continues to develop as one of the leading players in the MedTech space.

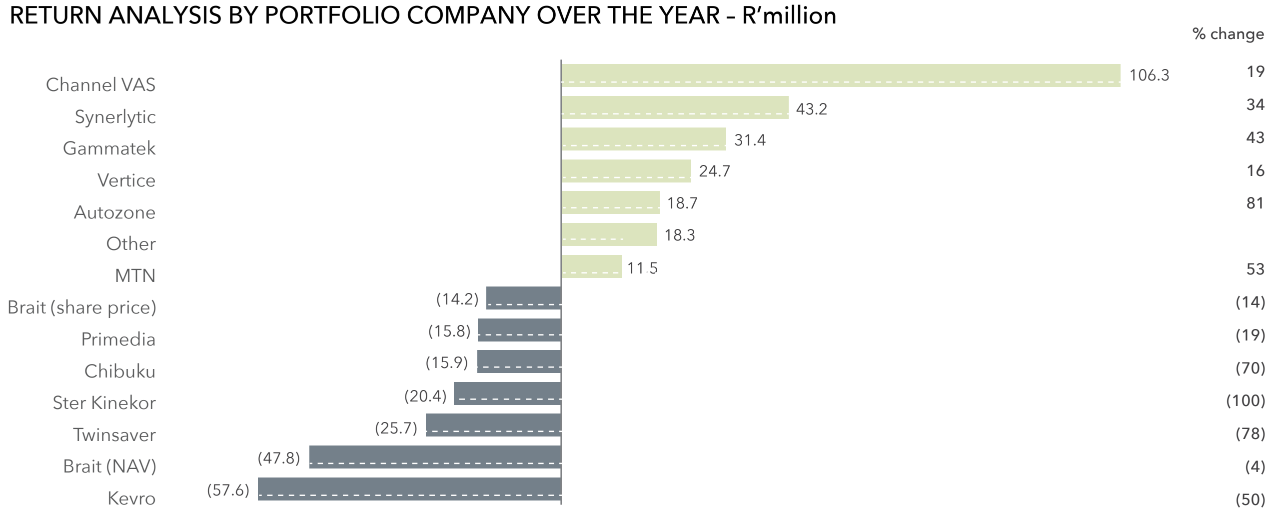
Echo, operating in SSA, has remained resilient despite the impact that COVID has had on a number of its customers and delays in the roll-out and installation of new contracts due to the impact of lockdowns on the company's suppliers. The local business performed strongly however, the international businesses had to navigate the COVID challenges and the company has focused on right-sizing the operating cost base of some of the international businesses.

Synerlytic was impacted by lower activity, resulting from the lockdowns that impacted some divisions while others were beneficiaries of the lockdowns. The businesses have rebounded strongly since the restrictions were lifted and continued cost optimisation has resulted in profit growth across the Group. The business has concluded four accretive acquisitions which have resulted in diversification by product and customer and the establishment of significant revenue bases outside South Africa while continuing to focus on growth of the core business.

After a challenging first few months of its financial year due to the COVID-enforced lockdown restrictions, Gammatek recovered well and delivered strong growth for the balance of the year. The sales growth trend improved consistently as demand for devices surged in the second half of the year. The company has benefitted from being the leading mobile device accessories distributor with large inventory levels, an agile sales team and market-leading customer service, to deliver robust sales growth. The business has also opened new channels and is expanding its product offering. In September 2020, Gammatek re-entered the MTN channel and was appointed as the preferred Samsung accessories supplier. The mobile device accessories market continues to benefit from a structural shift in supply dynamics as manufacturers have reduced the number of accessories supplied with each device.

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

RETURN ANALYSIS BY PORTFOLIO COMPANY OVER THE YEAR – R'million



Other businesses such as Kevro, Twinsaver, Ster Kinekor and Primedia were severely impacted by COVID and consequently their valuations decreased. Kevro suffered from IT integration and COVID-related procurement issues while Primedia was impacted by a significant drop in broadcasting advertising spend. The lockdown restrictions enforced in late December and the impact on the cinema industry due to a lack of global content unfortunately resulted in Ster Kinekor being placed in voluntary business rescue and accordingly the investment has been written down to Rnil.

The Brait NAV reduced by c.4% during the year, whereas the share price reduced by c.14%, largely driven by Virgin Active. As one of the leading international health club operators, its performance has been significantly impacted by the COVID pandemic, especially following the second wave in October 2020 in Europe and the United Kingdom ("UK") that resulted in government-imposed national lockdowns that lasted into April (UK) and May to July in the other European jurisdictions. The Virgin Active UK business undertook a holistic restructuring plan, including shareholders providing GBP45 million of additional liquidity in exchange for: certain compromises under royalty agreements being agreed by Virgin Enterprises; agreement by existing lenders to amend and extend terms of the existing senior debt facilities; and landlord concessions with respect to arrears rentals and future rentals and guarantees.

The restructuring plan had a significant impact on the profitability and liquidity outlook for the business and provided Virgin Active UK with the requisite operational and financial flexibility to emerge successfully from the pandemic. Virgin Active South Africa, which is separately financed, agreed terms with its lenders during June 2021 to restructure and extend the term of its existing debt facilities which will also provide this business with the requisite flexibility to continue to grow.

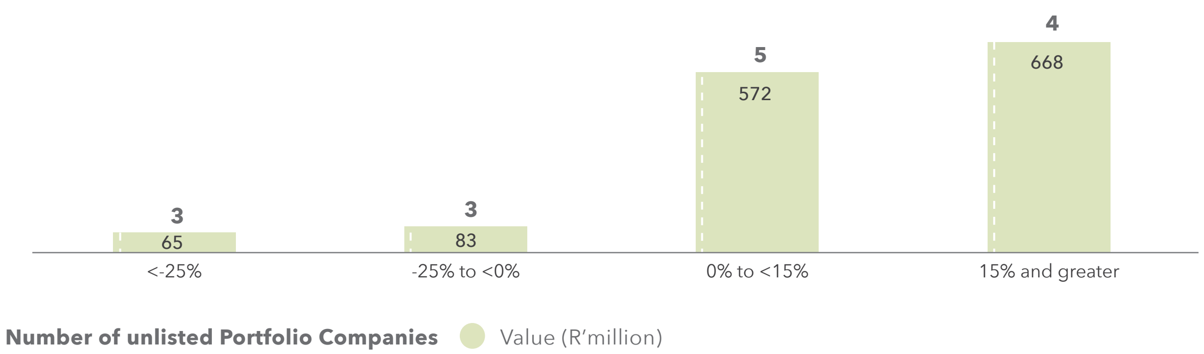
Premier, also an investment held through Brait, delivered a strong operational performance throughout the financial year, driven primarily by volume growth and the performance of its MillBake division (83% of revenue). Its products fall under the "essential goods" category and hence the business was able to continue with full production and maintain all its operations during the COVID-enforced lockdowns.

Further details on the above Portfolio Companies are provided in the Overview of the Portfolio Companies section on page 30.

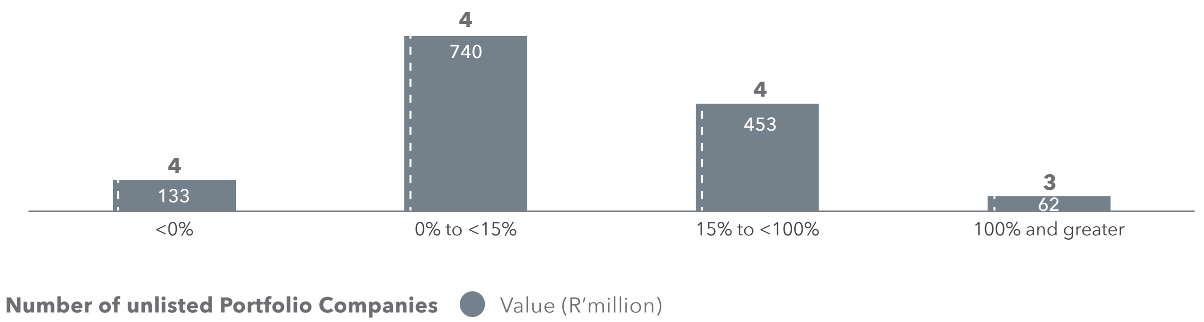
Over the LTM the unlisted portfolio's attributable sales and EBITDA increased on a value-weighted basis by 10.7% and 59.4% respectively, largely driven by the strong performance from the top five unlisted investments, consisting of Channel VAS, Vertice, Echo, Synerlytic and Gammatek (61% of total assets). These five investments continued their strong performance and grew their attributable sales and EBITDA (on a value-weighted basis) by 14.1% and 27.2% respectively, despite the tough economic conditions.

The analysis below, showing the revenue and EBITDA growth rates across the unlisted Portfolio Companies, demonstrates the benefit of portfolio diversification. The vast majority (89% by revenue and 90% by EBITDA) of the Portfolio Companies (by value) grew both revenue and EBITDA during the year with a number of companies recovering well and growing EBITDA by >50%.

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 Board. 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 investment 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 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 24 of the Notes to the Annual Financial Statements.

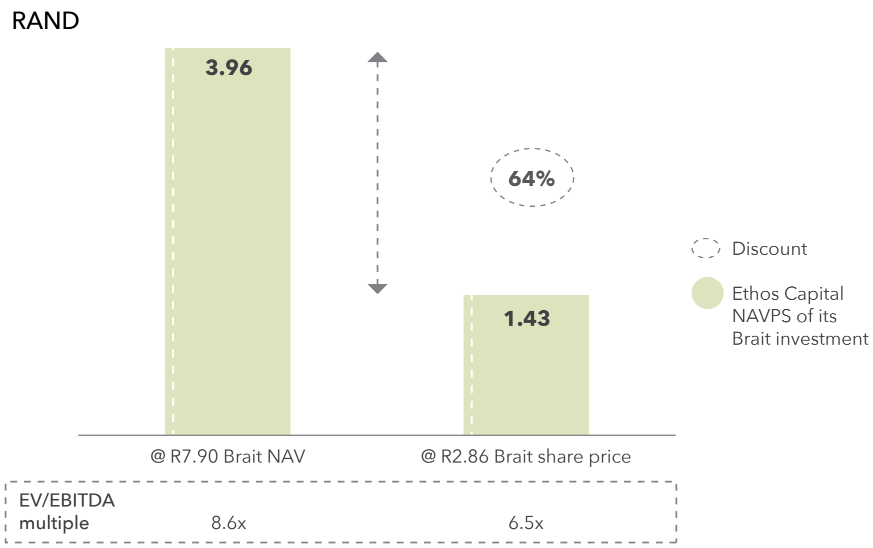
For the majority of the underlying Portfolio Companies the key valuation inputs are the earnings (e.g. EBITDA) of a Portfolio Company and the relevant multiple that is then applied to these earnings to determine the EV. Net debt/ cash is then subtracted/added to the EV to determine the equity value. 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 is 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 Zakhele Futhi is based on their respective share prices at 30 June 2021.

Listed portfolio

The investment in Brait is based on the prevailing share price at 30 June 2021 of R2.86 (30 June 2021: R3.34). The last reported Brait NAVPS, which is based on the above earnings-based valuation methodology, was R7.90 (as at 31 March 2021), resulting in a Brait share price discount to NAVPS of 64%.

The graph below 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 R7.90 and the Brait share price of R2.86.



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 2021 of R15.50 (30 June 2020: 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 4.5x.

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA (excluding the listed investments in Brait and MTN Zakhele Futhi) as at 30 June 2021 was R257.3 million and its attributable share of the maintainable net debt was R489.6 million, equating to a net debt/EBITDA multiple of 1.9x (30 June 2020: 1.8x). 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 7.3x, the EV of the Company's participation in the underlying Portfolio Companies is c. R1.9 billion. The attributable net debt is subtracted to result in a net equity value of c.R1.4 billion, as set out below.

The implied EV/EBITDA multiple of 7.3x represents a 49% (30 June 2020: 47%) discount to the average EV/EBITDA multiple for the comparable peer groups of 14.3x. This discount applied to the peer group multiples represents the relevant discounts applied for, *inter alia*, liquidity, jurisdictional discount, risks and growth outlook.

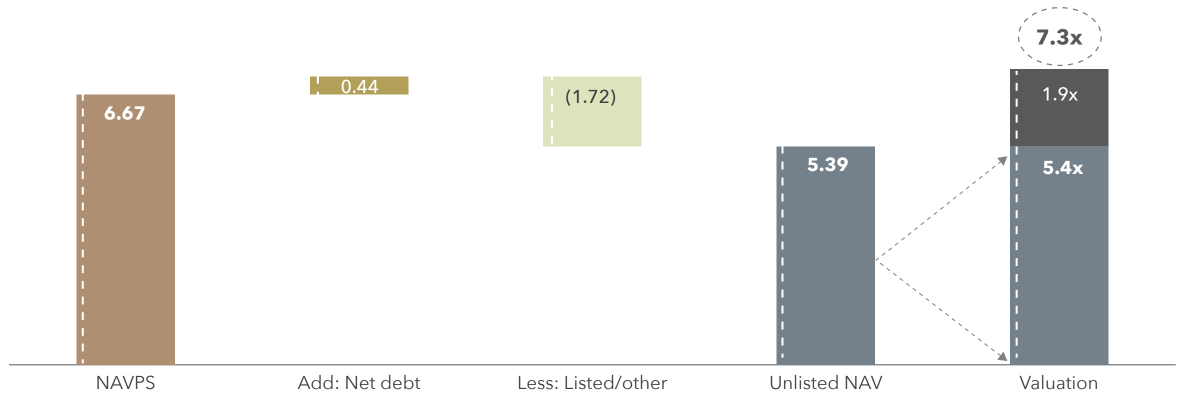
The implied EV/earnings before interest after taxes ("EBIAT") (equivalent to a price earnings ratio) of the portfolio was 12.5x.

	30 June 2021 R'million	30 June 2020 R'million
Attributable EBITDA	257.3	263.3
Implied valuation multiple	7.30x	7.01x
Attributable EV	**1,877.5**	**1,845.7**
Less: Attributable debt	(489.6)	(469.3)
Attributable debt multiple	1.9x	1.8x
Attributable equity value	**1,387.9**	**1,376.4**
Add: Other equity investments	439.4	515.3
Total investments	**1,827.3**	**1,891.7**
Carrying value of invested capital per share (Rand)	**7.11**	**7.35**

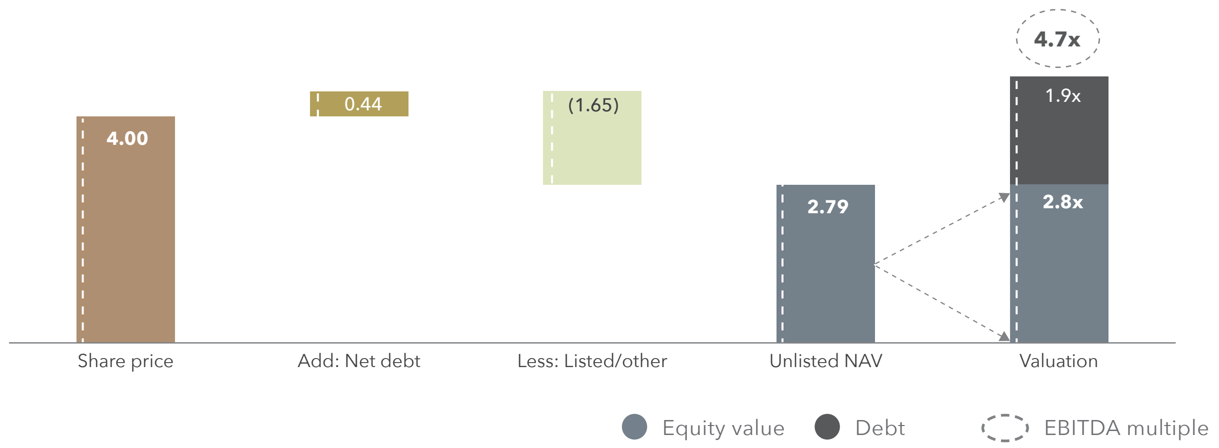
Based on the Company's share price of R4.00 as at 30 June 2021, the market implied EV/EBITDA was 4.7x and the EV/EBIAT was 8.0x.

	Share price based 30 June 2020 R'million	NAV based 30 June 2020 R'million
Attributable EBITDA	257.3	257.3
Implied valuation multiple	4.69x	7.30
Implied multiple discount	36%	
Attributable EV	**1,207.4**	**1,877.5**
Less: Attributable debt	(489.6)	(489.6)
Attributable debt multiple	1.9x	1.9x
Attributable equity value	***717.8***	***1,387.9***
Add: Other equity investments	425.5	439.4
Total implied/actual investments	**1,143.3**	**1,827.3**
Carrying value of invested capital per share (Rand)	4.44	7.11
Debt (Rand)	(0.44)	(0.44)
NAVPS (Rand)	**4.00**	**6.67**
Invested capital discount	38%	

NAV-BASED VALUATION – RAND

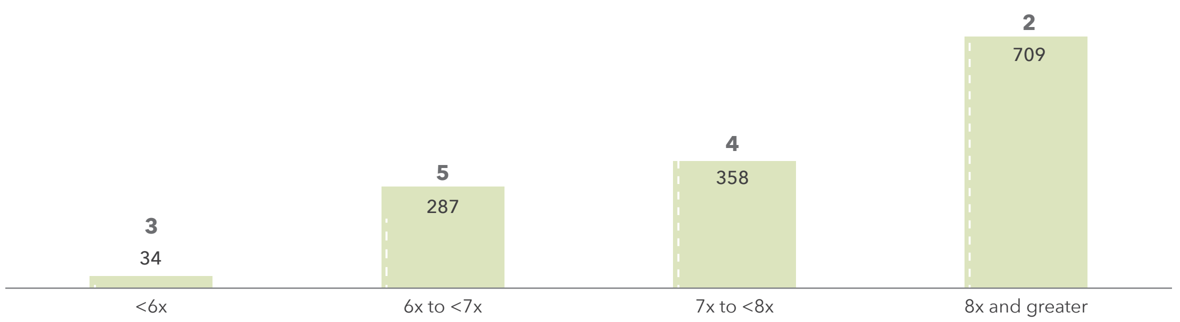


SHARE-BASED VALUATION – RAND

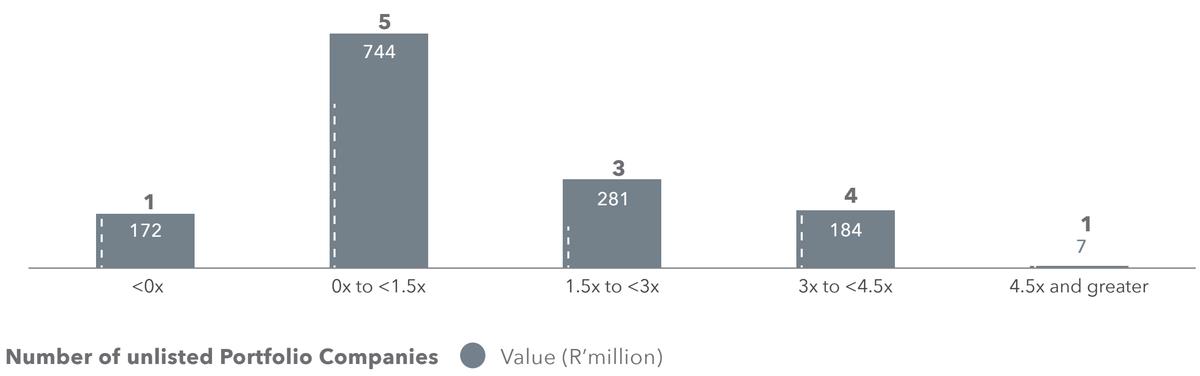


The analysis below sets out, for the unlisted Portfolio Companies that are valued on an earnings multiple method, the ranges of their EBITDA and net debt/EBITDA valuation multiples. In addition, the number of Portfolio Companies, and aggregate valuation for each range are detailed to reflect the relevant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

EV/EBITDA VALUATION MULTIPLE RANGE



DEBT/EBITDA MULTIPLE RANGE



Realisations

During the year to 30 June 2021, total distributions of R149.6 million were received from the various Ethos Funds.

Quarterly dividends totalling R33.9 million, attributed to the underlying investment in Channel VAS, were received from Ethos Capital's investments in EF VII, EDI and EAiF I.

In November 2020, EAiF I had its final close with the increased commitment base resulting in Ethos Capital, as a first close investor, being equalised and R22.9 million of invested cost being returned, alongside R2.8 million of equalisation gains.

In December 2020, EDI completed the partial sale of its investment in Channel VAS, with the proceeds of R75.7 million subsequently distributed to Ethos Capital. Over the two-year hold period, this partial realisation delivered in ZAR a MOIC of 1.6x and an IRR of 25%.

Following the sale of assets from its discontinued operations (corrugating and converting operations), Neopak distributed proceeds to its investors, resulting in distributions to Ethos Capital of R4.9 million from EF VI in December 2020 and June 2021. Waco, also an EF VI investment, disposed of its UK business (Premier Modular) and used the proceeds to reduce its debt and distribute the balance to its shareholders, resulting in proceeds of R3.2 million to Ethos Capital during January and June 2021.

Available capital

Liquid resources and balance sheet management

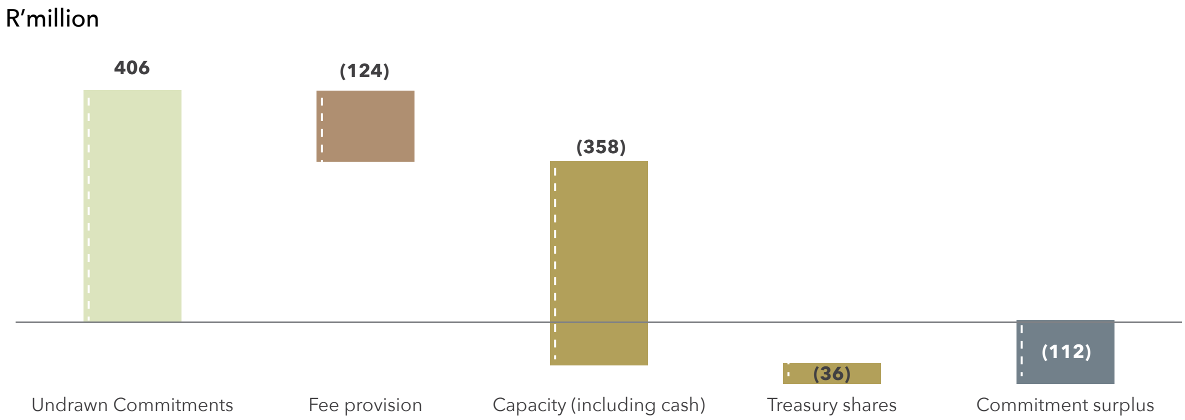
As at 30 June 2021, Ethos Capital had net liquid resources of over R45 million. In addition, it has access to a five-year revolving credit facility with RMB. To minimise commitment fees, only R200 million of the R700 million facility is committed, with a further R500 million uncommitted and subject to 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 its 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 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.

The graph 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 R500 million, which will be used to fund any further commitments drawn. However, based on the current covenant requirements, the Company can draw R313 million of the facility, supplemented by R45 million of available net liquid resources. In addition, Ethos Capital can sell the treasury shares to support any liquidity requirements. This results in a net implied commitment surplus of R112 million. The below demonstrates that Ethos Capital currently has adequate 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 2021, 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 boards 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 six unlisted Portfolio Companies and largest two underlying Portfolio Companies of the listed investment in Brait, that in aggregate contribute 84% of the total assets.

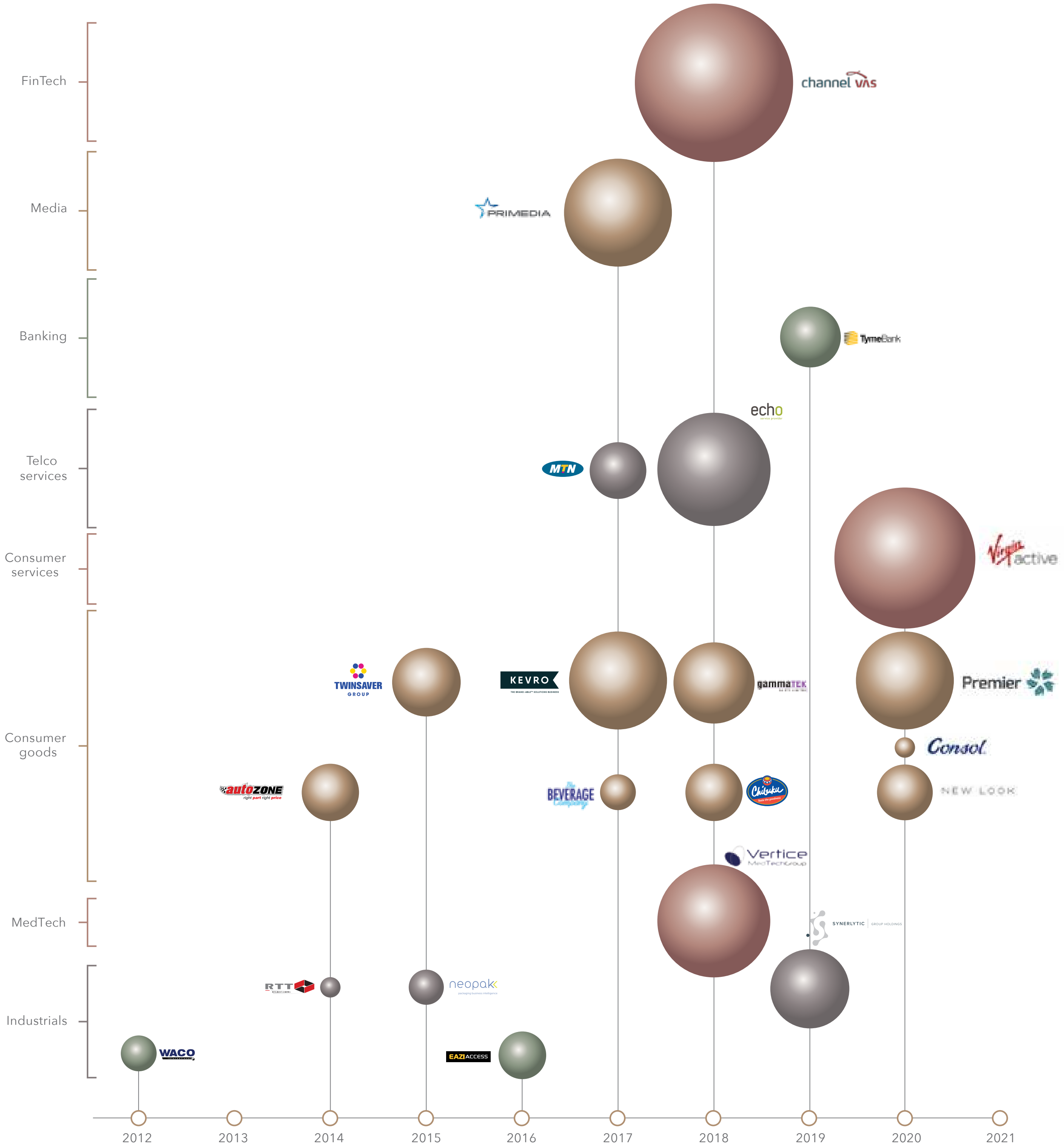
COVID, social unrest and Ethos

The performance of the Portfolio Companies was held back by the challenging economic and political environment prior to the COVID pandemic. This crisis had a severe negative impact. Ethos 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 ramp up as lockdown containment measures began to ease.

Ethos 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 the crisis. These interventions helped to mitigate risk and limit the downside to some extent, together with a recovery in trading conditions since the start of the pandemic.

In July 2021, protests that were triggered by the jailing of former President Jacob Zuma for refusing to appear before the Commission of Inquiry into state capture quickly escalated into rampant rioting and violence. In a matter of days, the looting of shops and warehouses and the destruction of property were extensive, mostly in KwaZulu-Natal and Gauteng.

The unrest had a direct impact on several Portfolio Companies. Numerous facilities were looted and vandalised and supply chains were disrupted, compounding the COVID-related stress that most of them were recovering from. Ethos has again harnessed its collective resources to support the Portfolio Companies. Those affected have put in place response plans to stabilise operations, and processes are under way to quantify the damage, submit insurance claims and mitigate risk against the possibility of similar occurrences in future.

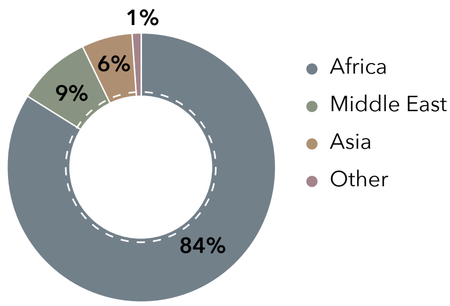


The size of the bubbles is representative of Ethos Capital's economic interest in the Portfolio Companies.

Leading FinTech provider of Mobile Financial Services ("MFS") and Airtime Credit Services ("ACS") to prepaid mobile subscribers.

Investment thesis

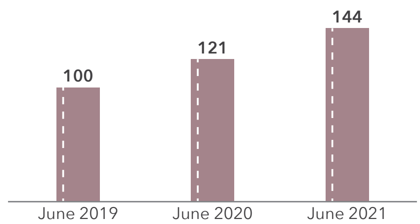
- **A leading emerging markets FinTech and Data Analytics Platform that has become a global Fintech player** by leveraging its proprietary alternative data analytics platform to drive financial inclusion of the underbanked population
- Market-leading credit-scoring capabilities drive very low default rates (<1%) in ACS
- Leveraging the existing platform to increase market penetration of ACS in existing contracts with Mobile Network Operators ("MNOs"), in addition to targeting new MNO contracts
- Present in over 30 countries across four continents with the proven ability to expand geographically on a relatively small fixed cost base
- Strong global footprint with a captive user base of >530 million customers through its 28 MNO and bank partners
- This platform is being leveraged to extend the product offering into MFS in a manner that balances risk and return



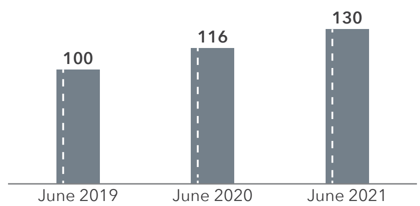
Financial performance in US$

- **Strong growth** across all territories and most customers, despite the impact of COVID
  - LTM revenue growth of 19% in US$
  - LTM ACS advances of US$2.6 billion, increase of 20% year-on-year
- **Sustained EBITDA growth driven by growth in advances**, tight default management and cost containment
  - LTM EBITDA growth of 13% in US$
- Largely unaffected by COVID with the growth in ACS advances remaining resilient; however, it has been impacted by foreign exchange weakness in some key territories
- Business development and the roll-out of new deployments were impacted by travel restrictions; however, a strong pipeline of new deployments
- MFS starting to gain traction and contribute to profitability

LTM REVENUE*



LTM EBITDA*



** Rebased to 100 at 30 June 2019*

Key investment highlights:

- **+530 million** addressable customer base
- **>US$8 billion** in advances to date
- **<1%** default rate on ACS
- **+30 countries** of operation across **4 continents**
- **HIGHLY CASH GENERATIVE**

Value creation initiatives

- **Accelerate MFS** by leveraging the existing ACS footprint and pipeline
- MFS products in new territories gaining traction
  - Successfully completed proof of concepts for MFS
- **Assess potential M&A opportunities** to accelerate the expansion of product-offering and footprint
- **Diversify profitability of ACS customers and geography** through new product offerings and delivery on the pipeline of new contracts

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Growth opportunities

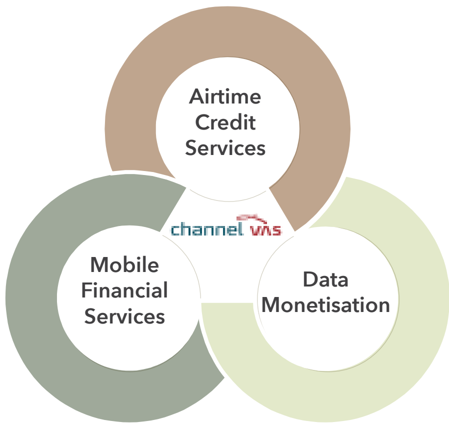
Upsell existing products and increase transaction frequency across its growing captive user base of >530 million customers by leveraging the **existing platform and credit-scoring capabilities**

Despite the successful expansion into >30 countries across Africa, Asia, Latin America, the Middle East and Europe, **c.1.7 billion people globally remain underbanked, representing a fast growing and large addressable market of US$380 million** – Channel VAS has only **penetrated c.30%** of this underbanked population

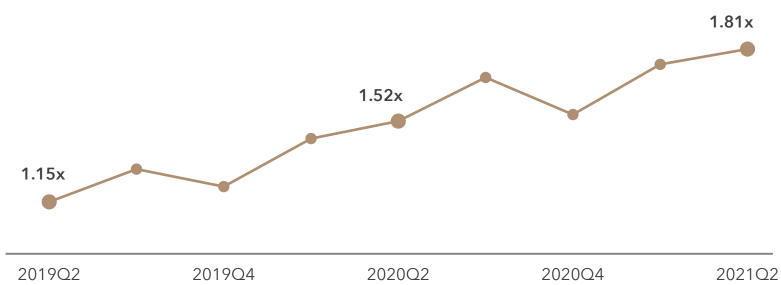
Ideally positioned to cater to the needs of the underbanked population worldwide, both through its ACS, MFS and Data Monetisation products, benefitting from the widespread adoption of mobile phones among this population

By leveraging the existing platform, Channel VAS has the capability to **expand into adjacent products** (utility loans, SME loans, buy-now-pay-later products and mobile money partnerships). This has been **proven through the successful launch of MFS**

A best-in-class microlending platform designed for the mobile and mobile banking world.

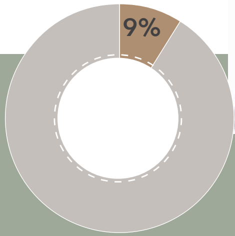


MOIC Evolution



Vertice MedTechGroup

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R176 million
+16% YOY

MOIC:
1.46X
VS. 1.25X IN JUNE 2020

ETHOS OWNERSHIP:
80%
(EF VI & AI FUND)

Vertice sells medical technology and supplies across a wide range of applications predominantly to support emergency and critical procedures.

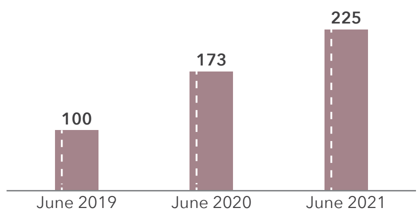
Investment thesis

- **Established in 2018 as a buy-and-build platform in the highly fragmented market of specialised medical supplies and devices**
- **Seven subsequent bolt-on acquisitions have been integrated resulting in one of the most scaled and diversified medical service providers in South Africa (90% of revenue) and SSA**
- Medical devices are one of the most attractive growth segments within the defensive and growing South African private healthcare industry
- Provides strongly differentiated products and services with a scaled and uniquely skilled sales force benefitting from long-term relationships with key customers
- A differentiated and scaled sales channel offered to key multinational suppliers without a local SSA presence
- Highly scalable platform enabling growth organically and through M&A into new verticals, with the opportunity to become a leading scaled MedTech business on the continent
- Healthcare is being fundamentally transformed by Ai enabling Vertice to leverage its market position to source technologies internationally and use its distribution network to build business models locally around Ai

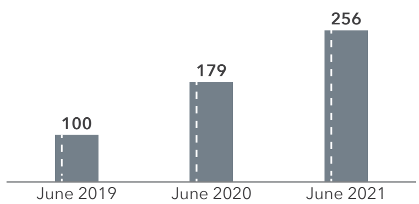
Financial performance

- **Revenue and EBITDA have more than doubled over the last two years,** driven by good organic growth and bolt-on acquisitions. On a like-for-like basis:
  - Revenue is up 13% year-on-year
  - EBITDA has grown by 10% year-on-year
- **Negatively impacted by COVID**, with limited **elective surgeries permitted during lockdowns**
  - Cost saving measures have successfully been implemented to offset revenue shortfalls driven by lockdown restrictions
- Investment in people, infrastructure and systems to drive both growth and the platform
- Significant progress in supplier, customer and product diversification, and delivered growth in market share across most divisions

LTM REVENUE*

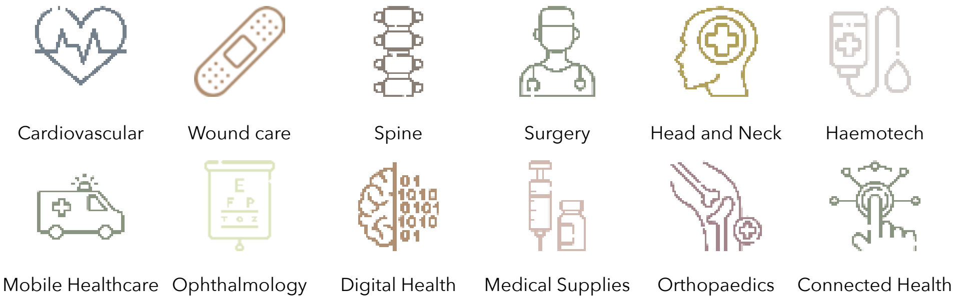


LTM EBITDA*



** Rebased to 100 at 30 June 2019*

Seven bolt-on acquisitions concluded, covering **diverse sectors**



Value creation initiatives

- **Focus on like-for-like growth** and advance organic growth through the introduction of new products
- Continue to focus on **M&A**
  - The integration of seven bolt-on acquisitions has been completed, with consolidation into a single head-office and warehouse
- **Digital transformation** of processes in the business through IoT and Ai engines
  - Successfully launched first Ai-driven diagnostic product in cardiology division
  - Acquired new team of digital scientists who are developing various medical-specialist-specific applications
- Introduce **industry analytical engines** to inform market development

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Growth opportunities

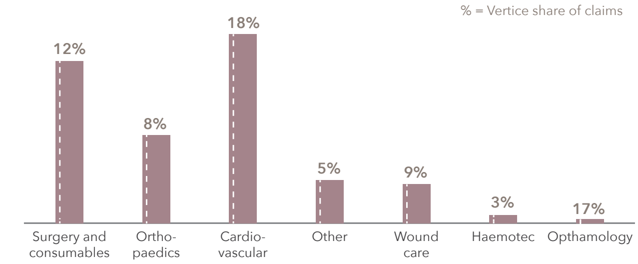
Based on Discovery Health's ("DH") manufacturers, Vertice has a c.4.7% market share, making it the second largest MedTech player in Discovery

Significant potential for Vertice to grow both in terms of market share, value and product categories

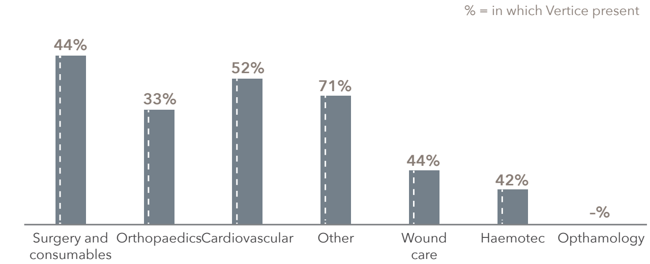
Vertice has **less than 20%** (by value) in all the categories it currently plays in – **significant potential for market share growth…**

…and in most product verticals, Vertice **does not play in 50% or more** (by value) of categories – **potential for product expansion**

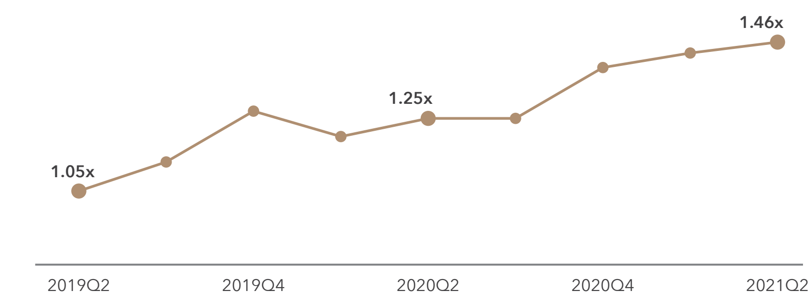
DH AMOUNT CLAIMED BY VERTICE (2020)



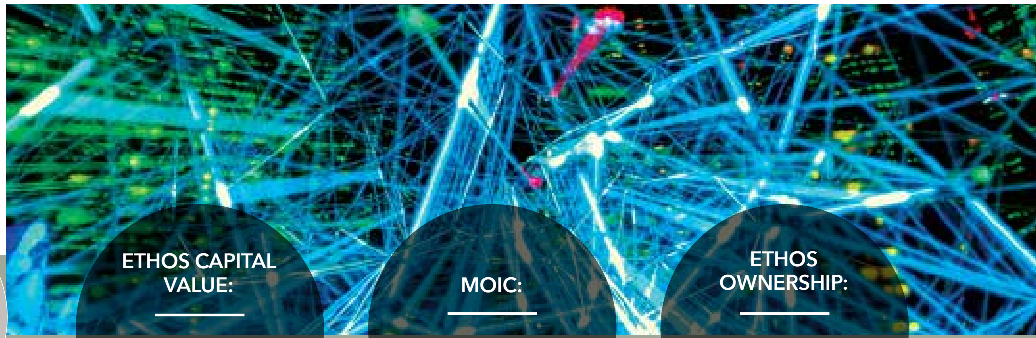
% OF CATEGORIES BY VALUE THAT VERTICE IS PRESENT IN

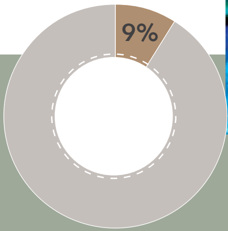


MOIC Evolution



echo
service provider





% OF TOTAL ASSETS

ETHOS CAPITAL VALUE:
R172 million
-3% YOY

MOIC:
1.08X
VS. 1.12X IN JUNE 2020

ETHOS OWNERSHIP:
64%
(EMMF I & EF VII)

Echo is a corporate Internet Service Provider, providing Information & Communications Technology ("ICT") services through an aggregation of third-party networks.

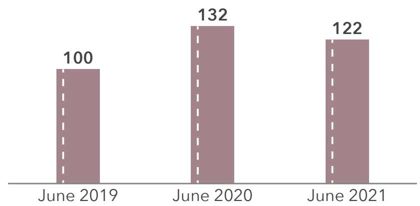
Investment thesis

- **Echo provides an attractive investment partnering with a market-leading management team within the high-growth ICT market in SSA**
- Created a highly scaleable, seamless network that is integrated in over 60 networks in SSA
- 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.
  - **Targeting multinational companies** through a focused SSA expansion strategy into countries with more pervasive network infrastructure; to be executed organically through the company's asset light approach, or alternatively through bolt-on acquisitions.

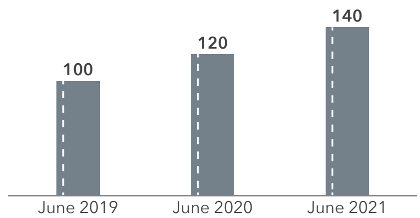
Financial performance

- Revenue declined by 8% year-on-year driven by underperformance in the Echo International division
- **Echo South Africa has performed well**, with revenue growth of 17% year-on-year with strong growth in new contracts.
- The business continues to outperform sales targets.
  - Robust topline growth, together with tight cost management, resulted in EBITDA being ahead of budget
- **Echo International has faced headwinds due to lockdown restrictions across multiple regions**, with revenue declining year-on-year
  - A recovery plan has been implemented and the full benefit of this plan will be realised in the current financial year (31 March 2022)

LTM REVENUE*



LTM REVENUE* – SOUTH AFRICA



** Rebased to 100 at 30 June 2019*

Echo provides end-to-end hosting; SaaS / cloud / hosted applications; Internet Access; private cloud / MPLS; all last mile types; VoIP; and Security to businesses across Africa (satellite and terrestrial)

Echo has >102 interconnects and direct connects with upstream infrastructures, which means **access to all networks and Data Centre facilities**

Echo offers customers a single point of accountability and the best product that the market can offer through a hybrid of available networks and services.

Value creation initiatives

- **SSA expansion** to serve multinational companies across geographies
- **Identification of complementary acquisitions** and expansion opportunities to augment existing product offerings
  - Gondwana acquisition completed, providing Echo with the ability to directly service its international customers in-country
  - Acquisition of a 30% interest in Witel Service Provider providing a footprint and access to the Namibian market
- **Sales force effectiveness**
- **Drive cross-sell of existing products and services** beyond the more basic telco and network services

Growth opportunities

9

SSA presence

Operations and licenses across 9 countries in Sub-Saharan Africa; a key differentiator to peers

+42%

Growth in Africa's data consumption

Africa's data consumption is expected to grow by 42% CAGR through 2021; Echo carries 50% of consumer home internet traffic in South Africa

$9.9bn

Market opportunity

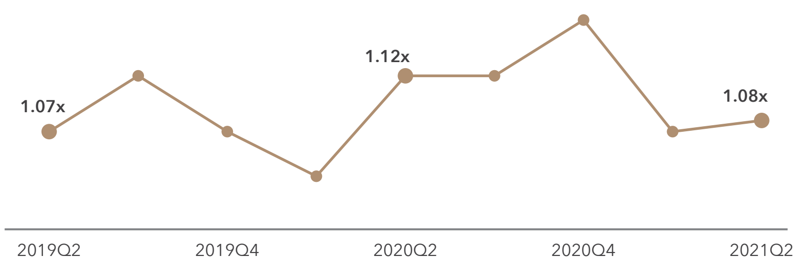
The B2B service market is growing faster than any other segment of ICT in SSA; delivering a market opportunity of >$9.9 billion

x3

Growth in FTTX* connections

SSA is severely underserved outside of South Africa; FTTX connections are projected to grow three-fold to 2020

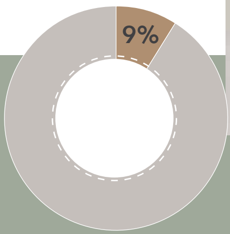
MOIC Evolution



** FTTX: 'Fibre to the X' is a generic term for any broadband network architecture using optical fibre to provide all/part of the local loop used for last mile telecommunications.*

SYNERLYTIC GROUP HOLDINGS

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R169 million
+34% YOY

MOIC:
1.65X
VS. 1.26X IN JUNE 2020

ETHOS OWNERSHIP:
94%
(EMMF I)

Synerlytic operates in subsets of the Testing, Inspection and Certification market and is one of the leading condition monitoring and fluid analysis specialists in Africa (through WearCheck) and supplier of certified reference materials to mining laboratories across the world (through AMIS).

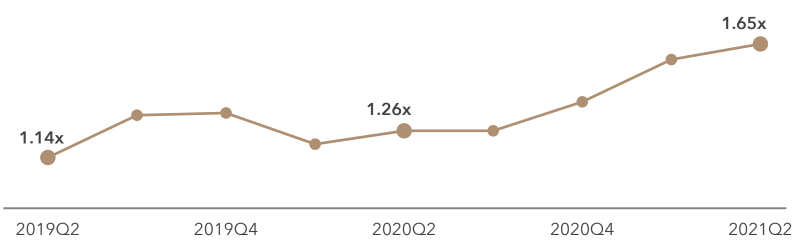
Investment thesis

- **Provides services that are imperative to prevent downtime on critical machinery and to ensure quality assurance and control measures across a scalable model with global applicability in multiple markets**
- Acquisitive growth initiatives will add complementary products and services and mitigate the risk of technology disruption
- **Maintain and extend profitability of the core business** by driving sales, cross-selling products/services to existing clients and continued diversification of the product / service offering
- **Geographic expansion**: through the roll-out of new laboratories in new or existing territories
- **"Digitalisation" of the business model** through (i) further digitisation of manual processes and additional automated diagnosis using machine learning software, and (ii) development of value-added services to increase share of wallet with existing customers and drive higher margins
- **M&A opportunities:** an attractive potential consolidation platform given the fragmented nature of the industry

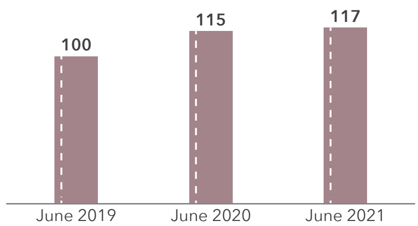
Financial performance

- **The performance trend continued to improve** with revenue up 2% year-on-year and EBITDA up 22% on a like-for-like basis following recent acquisitions
- WearCheck's performance negatively impacted by lower business activity resulting in lower sampling volumes, lower services work and lower equipment sales
- AMIS benefited from buoyant commodity prices and has achieved volume growth which resulted in EBITDA exceeding the pre-COVID budget
- The critical nature of Synerlytic's service offering makes it a defensive and resilient business in the current environment and the business is expected to continue to benefit from a strong commodity market

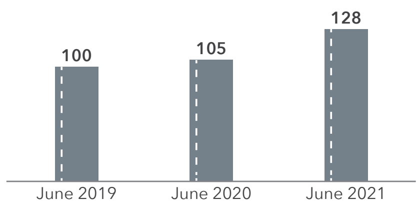
MOIC Evolution



LTM REVENUE*

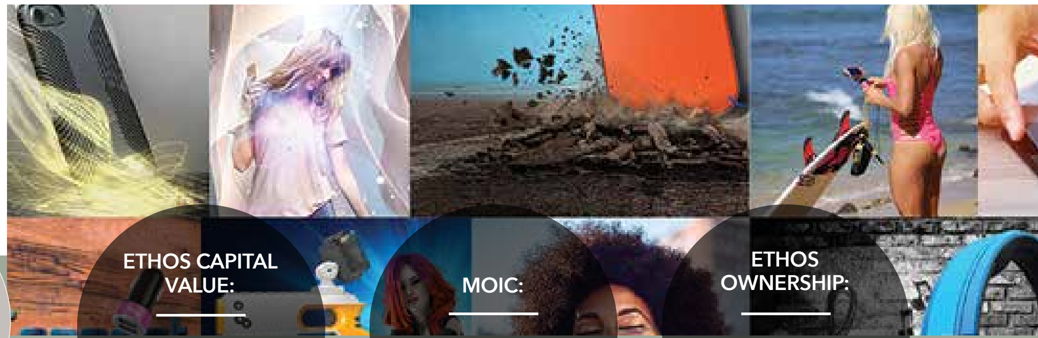


LTM EBITDA*

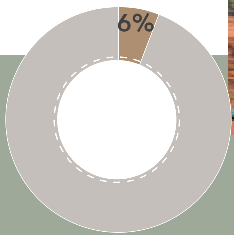


** Rebased to 100 at 30 June 2019*

gammaTEK PTY LIMITED



% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R104 million
+43% YOY

MOIC:
1.07X
VS. 0.75X IN JUNE 2020

ETHOS OWNERSHIP:
52%
(EMMF I)

Gammatek is a leading distributor of mobile accessories and low-technology products.

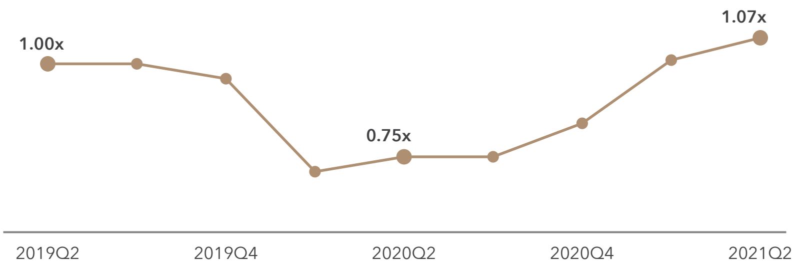
Investment thesis

- **Benefit from continued growth of smart mobile devices** in the 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
- **Continued growth through expanding customer channels**
- **Diversify into mid-tier smart mobile devices** as well as non-mobile but complementary consumer products that will open up new channels for the business
- **Expand into select markets in the rest of Africa** by investing in a dedicated sales force with relevant on-the-ground experience and a fit-for-purpose operating model
- Potential to pursue complementary acquisition and expansion opportunities to augment the existing product offerings

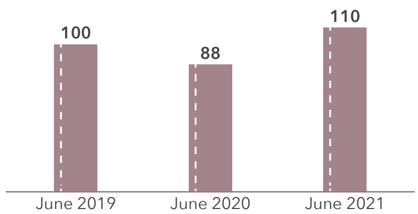
Financial performance

- **Strong trading over the LTM, recovering strongly following the impact of COVID**
  - Revenue is up 25% year-on-year
  - EBITDA has grown by 50%
- Good performance has been driven by OEMs reducing accessories in new devices, market share gains, opening up new channels and the introduction of new products
- Resilient performance despite supply chain disruptions from COVID and civil unrest, reflecting the increasing importance of digital devices to consumers
- Strong cash generation, allowing for the investment into new products, as well as de-gearing

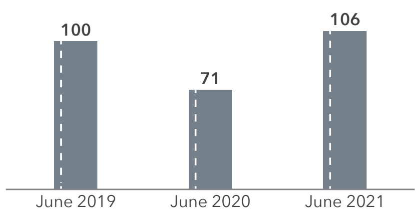
MOIC Evolution



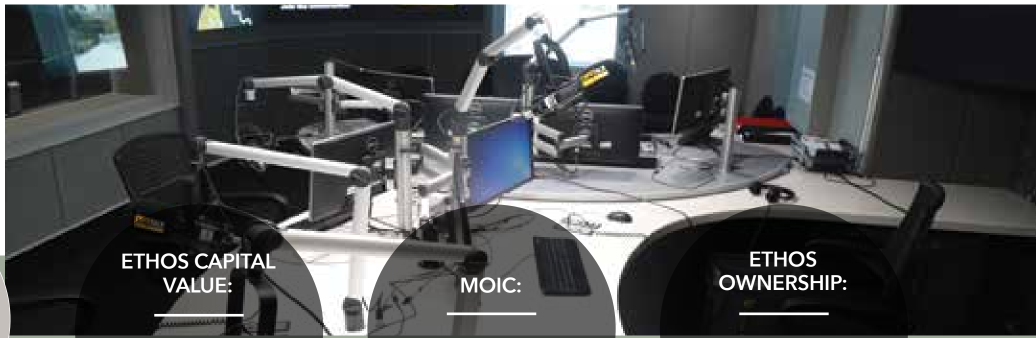
LTM REVENUE*



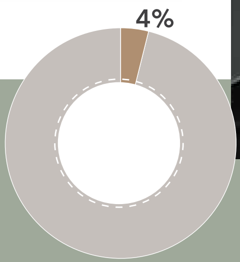
LTM EBITDA*



PRIMEDIA



% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R68 million
-19% YOY

MOIC:
0.46X
VS. 0.56X IN JUNE 2020

ETHOS OWNERSHIP:
24%
(EF VI & EDI)

Primedia is a leading media and advertising company in South Africa, with a footprint in the rest of Africa.

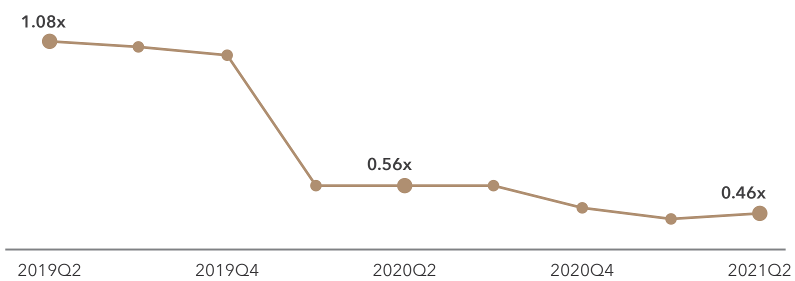
Investment thesis

- **Key investment highlights:**
  - A market leader in an industry with high barriers to entry
  - Attractive EBITDA margins business with strong free cash flow generation
  - A resilient core business with an optimisation thesis
  - Strong correlation between GDP growth and adspend
- Strategic vision to accelerate growth of the Broadcasting division, drive digitalisation of the Out-of-Home business and optimise the core
- **Accelerate growth and enhance the core:**
  - Drive listenership in the radio business through improved programming and increased sales force effectiveness
  - Increase investment in Out-of-Home to drive the penetration of higher-margin digital billboards
  - Drive efficiencies in each business and synergies between businesses
  - Dispose of non-core assets to simplify the group structure

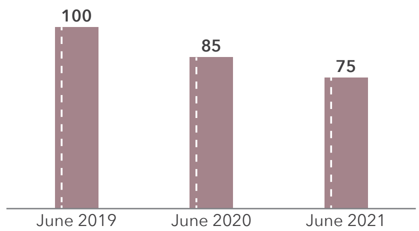
Financial performance

- **Primedia has been significantly impacted by COVID**, with a pullback in marketing and advertising spend given the ongoing subdued economic environment
- Year-on-year to June, revenue has declined by 12%, with EBITDA down 19%
- Early signs of recovery evident in both the Broadcasting and Out-of-Home businesses as advertisers have expressed appetite to increase spend as consumer confidence has improved gradually in recent quarters
- The business remains strongly cash generative
- Strategy has been recalibrated to reposition the business to maintain its market-leading position in the face of changing market dynamics
- Optimising the core and expanding the offering to incubate new growth opportunities

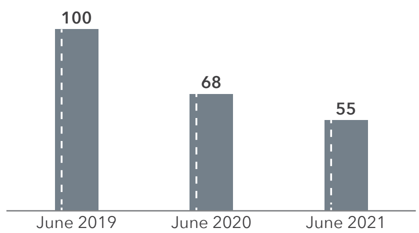
MOIC Evolution



LTM REVENUE*



LTM EBITDA*

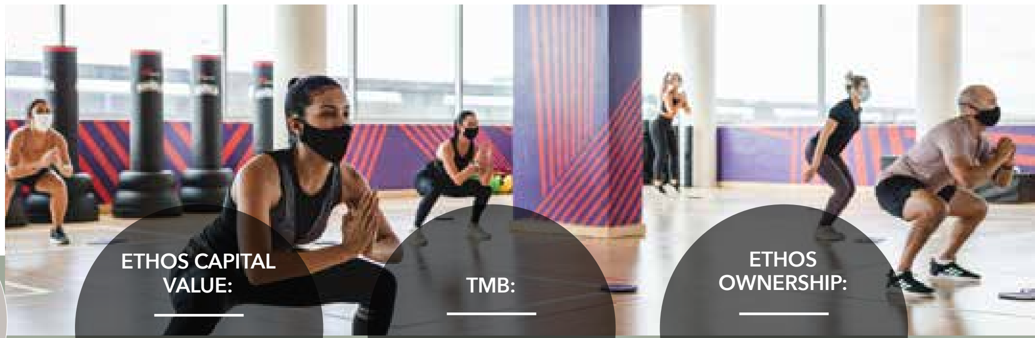


* *Rebased to 100 at 30 June 2019*

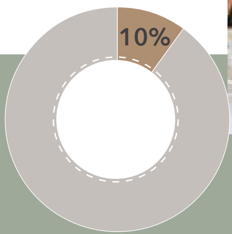
Overview of other Ethos unlisted Portfolio Companies

	% of total assets	
KEVRO THE BRAND-ABLE™ SOLUTIONS BUSINESS	3%	• **FY20 impacted by COVID lockdowns, supply chain issues, IT platform integration and consolidation of distribution centres** • New management team has **resolved internal operating issues and stabilised the business** • Volumes have improved significantly in FY21 but remain below expectations due to further trading restrictions and civil unrest
autoZONE right part right price	2%	• **Leading supplier of automotive parts** to the retail and wholesale market in South Africa • Substantial COVID impact in FY20 but **EBITDA has improved consistently in FY21** and has exceeded budget
TymeBank	2%	• **Digital banking platform** exclusively leveraging the Pick n Pay and Boxer footprint in lieu of physical branch infrastructure • New customer growth and transaction volumes have held up well; **cash-to-breakeven has been substantially reduced** • **R1.6 billion capital raise in February 2021** in two tranches, first at Ethos Capital's adjusted in-price and second at a 30% premium
EAZI GROUP	1%	• **Market-leading provider of industrial equipment** for working at height • Trading in line with budget and ongoing cost containment has resulted in a **sustained improvement in year-to-date EBITDA**
The BEVERAGE Company	1%	• **Largest independently owned beverage producer and distributor** in South Africa • Positive momentum sustained in FY21; **significant EBITDA growth driven by robust volumes and gross margins**

Virgin active



% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:

R179 million
-26% YOY

TMB:

N/A

ETHOS OWNERSHIP:

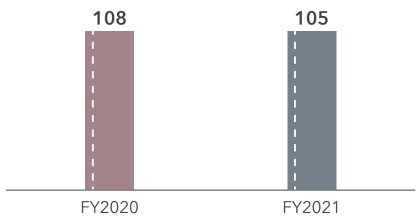
12.8%
(EF VII, EDI & LC)

Virgin Active is one of the leading international health club operators and strives to provide customers with a combination of outstanding exercise experiences and a world class digital offering.

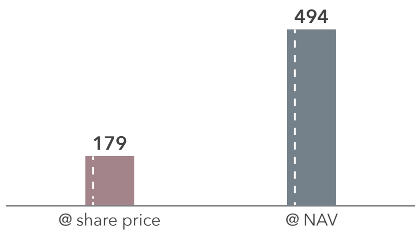
UK, ITALY & ASIA PACIFIC

- Virgin Active saw **positive traction on utilisation** rates when gyms re-opened after the first wave of COVID restrictions, however, **second and third wave lockdowns in the UK, Italy and Asia Pacific** have significantly impacted the business.
  - The UK and Italy reopened in April 2021 and May 2021, respectively, with string trading since reopening.
  - Clubs are currently closed across most of Asia Pacific, with increased COVID cases resulting in lockdown restrictions in these territories.
- Despite the significantly reduced operating costs and utilisation of government support packages, these extended lockdown periods **adversely impacted the liquidity of the Virgin Active UK, Italy and Asia Pacific business**, partly due to cash burn and also delays in the membership recovery rates.
- **A restructuring of the Virgin Active Europe business was completed in May 2021**, providing a solid recovery and growth platform for the business. The restructure plan delivered a total cumulative cash benefit of c.£134m, with contributions from all stakeholders.

MAINTAINABLE EBITDA (£m)



VALUATION RANGE

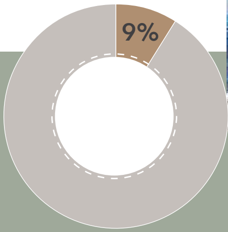


SOUTH AFRICA

- Virgin Active South Africa is separately financed, and its clubs have remained operational since reopening in August 2020, however, were subject to Level 3 restrictions during December-February 2021.
- The business has seen steady improvement in member engagement with terminations in line with expectations. New sales were impacted by Level 3 lockdown restrictions but have shown a strong recovery, however some members have chosen to keep their membership on freeze due to COVID.
- The cyber attack on Virgin Active's IT infrastructure has been contained with the systems being restored systematically.

Premier
Growing Together

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R171 million
+8% YOY

TMB:
N/A

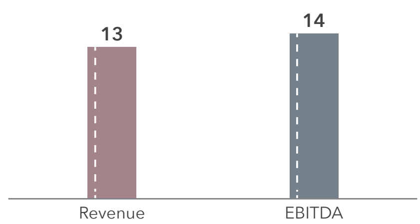
ETHOS OWNERSHIP:
12.8%
(EF VII, EDI & LC)

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.

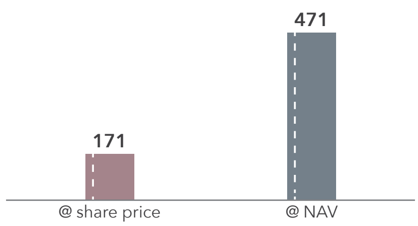
OPERATIONAL PERFORMANCE

- **Strong performance in Premier has primarily been driven by volume growth**
- **13% YoY revenue growth** in FY2021 (March) largely driven by MillBake, with aggregate tonnes up 8.8% to 961k tonnes and revenue growth of 16%.
- **EBITDA growth of 14%** for the full year to FY2021 (March), with EBITDA margins of 9.6%
- **Cash generation remains good**, and the business is well positioned to continue to benefit from the operating leverage in the business
- **FY2022 has started strongly across all of Premier's divisions**, with revenue growth ahead of budget and slightly up on prior year and EBITDA 17% up on FY2021
- The commissioning of the new inland bakery is scheduled for January 2022

FY21 GROWTH (%)



VALUATION RANGE



M&A

- Completed the acquisition of Mister Sweet, doubling the market share of the confectionary business
- In line with Premier's objective to balance its FMCG portfolio by expanding in complementary categories
- The acquisition will result in significant cost savings from operating a combined sales structure, finance and admin structure and in-sourcing Mister Sweet's warehousing and logistics to use Premier's platform

CASH GENERATION AND DEBT

- **Strong cash generation** with a net debt/EBITDA of 1.9x at the end of FY2021 (down from 2.2x at March 2020)
- Business has benefitted from EBITDA growth and focused working capital management

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 realised gross IRR of 24% over 37 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 47 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. With assets under management of c.R27.4 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 finance institutions, insurance companies and Ethos Capital. Investors are based in South Africa, Europe, North America and Asia.

The Firm has an unparalleled 37-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 110 transactions, delivering 98 realised investments at a 24.4% gross IRR and a 2.5x 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 37-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

98
Successful exits

72
Employees

50
Limited partners invested in current Ethos Funds

24.4%
Gross IRR-realised investments

2.5x
Multiple of cost

Investment strategy

Over its 37-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 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. 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 targets 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 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 SSA 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.

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

EMMF I is currently 62% 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 Turaco, the Ethiopian-based holding company of Health Care Foods Manufacturers, Gullele Soap Factory and ZAK Manufacturing and Trading.

Ai

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 held a final close in October 2020 with commitments of R745 million and has made three investments to date: Channel VAS, TymeBank and Vertice MedTech.

Ninety One Africa PE Funds

In December 2020, Ethos was appointed as the sub-advisor to the Ninety One Africa PE Funds, which contain investments in seven portfolio companies across a diverse range of sectors: telecommunications (IHS), retail (Spinneys, Kamoso), private education (Richfield), financial services (IDM), and logistics (J&J and SJL).

The transaction was a strong endorsement of the Ethos platform and reinforced the Firm's commitment to expanding its activities across the continent. Ethos has a track record of successfully integrating teams, as evidenced by Ethos Mezzanine Partners, Brait and the Ninety One Africa PE Funds, as well as creating alignment with investors to back a refreshed and focused strategy for a portfolio of investments.

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 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 72 people, including 22 partners, making it the largest private equity firm on the ground in 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.

Ethos believes this not only supports the South African economy, the government's economic development policies and its 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 72 members of staff, of whom 45% are African, Indian or coloured and 55% are white. Furthermore, 51% of staff members are women.

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 a custodian of policyholder, pensioner and shareholder capital, and forerunners in its field, Ethos drives responsible investment best practice and upholds ethical leadership principles.

The Firm believes that it has a responsibility to address ESG issues – beyond legal requirements – through its activities.

By successfully addressing business sustainability across the investment cycle and working in partnership with Portfolio Companies, Ethos maximises stakeholder value while enhancing social, environmental and economic development.

Ethos prescribes to the IFC's Environmental, Health and Safety Guidelines and applicable IFC Performance Standards (2012) in all its investments. Furthermore, the Firm has adopted the Codes for Responsible Investing in South Africa ("CRISA"). These codes subscribe to the UN-backed Principles of Responsible Investing.

In addition, as part of its ESG due diligence processes, the Firm reviews investment opportunities against the UN SDGs and looks for ESG value creation as part of its impact intentionality.

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 have any executive employees.

Application of King IV

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

Board

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 and employees 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. The Board has given consideration for the need to appoint a lead independent director, which was not deemed necessary at this stage; this will be considered on an annual basis.

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. Mr Derek Prout-Jones and Mr Kevin Allagapen 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 (53)

BSC ZFH

Appointed 15 June 2016

Chairperson, independent non-executive Director

Yvonne has over 30 years' experience in private equity investing and private asset investment management. She is one of two independent non-executive members of the board and audit and risk committee of UBS Asset Management Switzerland AG, the leading asset manager in Switzerland and a non-executive director and member of the audit committee of Standard Life Private Equity Trust Plc. She previously chaired several Jersey and Luxembourg domiciled corporations, focusing on private markets investments in Europe. She was also chairperson of the board 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 S.A. to create a market leader with over US$7.5 billion of private assets under management. In addition to being instrumental in the integration, build-up and successful leadership of a multinational investment team, 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 Directors Certificate from Harvard Business School and is fluent in German, English, Spanish and French.

[1] *October 2021*

Yuvraj Juwaheer (62)

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 (58)

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 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 (44)

BCom (SA), Executive MBA (UK)

Appointed 26 May 2016

Independent non-executive Director

Kevin started his career at Deloitte & Touche Mauritius in March 2000 and has over 21 years' experience in the financial services sector in Mauritius. He was the managing director of Ocorian (Mauritius) Limited and an executive director of Ocorian Corporate Services (Mauritius) Ltd (formerly known as "Abax Corporate Services (Mauritius) Limited", with both management companies being regulated by the Mauritius Financial Services Commission) until his resignation in December 2020. Kevin is currently the founder and CEO of Archangel Consulting Services Ltd which provides consulting and advisory services to global business companies operating in the financial services sector of Mauritius.

His areas of expertise span corporate, 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 (60)

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 80 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 55 to 57 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 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 this, 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 77 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.

In addition, the committee reviewed the management accounts and considered the controls of the controlled entity. 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 & Touche and Dinesh Munu as the designated individual partner, and the appointment of the new designated individual partner, Justin Dziruni, for the 2022 financial year.

Remuneration Committee

Responsibilities

The Committee is responsible for fair and responsible remuneration of the non-executive Directors and employees 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 133 of the Annual Financial Statements.

Policy and report

The remuneration policy and implementation report by the Remuneration Committee have been provided on pages 62 and 63 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; 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 as 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.

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	**2**	**3**	**1**	**1**	**1**
Directors' attendance					
Derek Prout-Jones	2	3	N/A	1	1
Kevin Allagapen	2	3	1	N/A	N/A
Michael Pfaff	2	N/A	1	N/A	1
Yuvraj Juwaheer	2	3	1	1	N/A
Yvonne Stillhart	2	N/A	N/A	1	N/A

Policy on broader 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 age, 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 specific diversity targets, but the Board has to consist of at least two Directors who are resident in Mauritius. The above was not applicable since there were no nominations or appointments of Directors during the year.

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 boards of the Portfolio Companies;
- Shareholder engagement, including investor roadshows; and
- Reporting to shareholders, including quarterly NAV reporting and shareholder feedback.

The Senior Advisors who 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 17 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 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 largely relies upon certain services provided by the Investment Advisor and has only one employee, providing administrative and finance support in Mauritius. 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 cyber-risks, 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 24 of the Notes to the Annual Financial Statements.
COVID risks	The threat of ongoing lockdowns and further restrictions that 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 Portfolio Companies' liquidity plans and revised strategies post-COVID. • Sector and geographical diversification of the portfolio assisting with balancing the risk.

Risk	Definition of risk	Mitigating controls and process
Macro-economic risks and political uncertainty	Risks arising from a deteriorating economy, the political turmoil and recent social unrests facing South Africa and rating agencies' reviews can adversely impact economic activity, the Portfolio Companies' growth and sentiment towards 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 (39%) and International (5%). • Ethos assisted Portfolio Companies with response plans to stabilise operations and mitigate risk against the possibility of future similar occurrences.
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.
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.
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, subject to COVID-enforced restrictions.

Risk	Definition of risk	Mitigating controls and process
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 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 factors that impact them.
Investment risks	Risks related 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 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 pursues and explores investments. • With focused origination efforts, the investment team maintains 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, cyber-security and other 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 an unacceptably long period during which operations and communications are impaired. The risk that unauthorised access to systems can lead to data breaches that could interrupt the Company's business operations and reputation.	• 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 to adhering to its controls, compliance and security over systems. • Deloitte & Touche performs an annual Fund controls review that the Board considers, alongside the annual Fund statutory audits, including investment valuations. • Ethos has a dedicated IT team that manages and monitors access to systems through regular penetration testing and reviews and implements other required safeguards.
ESG reporting	The risk that inadequate reporting on or non-compliance of ESG matters could cause reputational damage to Ethos Capital in the public markets.	• Ethos has a dedicated ESG team that assesses, monitor and report on all Ethos and Portfolio Companies' ESG related matters, including a bi-annual sustainability results report. Refer to page 64.

REMUNERATION REPORT

Background

The Board is ultimately responsible for fair and responsible remuneration of the non-executive Directors and employees 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 executive 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 for subsequent shareholder approval at the AGM, and for setting the annual remuneration of employees. The Company only has one employee, providing finance and administrative support in Mauritius. The policy largely focuses on the Directors' remuneration, unless otherwise stated.

General principles

Employees

The aim is to pay any employee a fair, responsible and market-related remuneration in respect of the jurisdiction that the employee operates in. Employees receive a fixed and a variable component, that is driven by the Mauritius legal and regulatory requirements.

Directors

The Directors are all independent of the Company and act 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 remuneration 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 for Directors, 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.

The employee receives a fixed remuneration and an annual bonus, based on the Mauritius statutory requirements.

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 will 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.

The proposed fees will be reviewed by the Board 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 2021 and 2020 respectively, is noted below:

	30 June 2021		30 June 2020
	Currency '000	R'000	R'000
Fees for services:			
Derek Prout-Jones	ZAR1,640	1,640	1,640
Kevin Allagapen	US$25	383	385
Michael Pfaff	ZAR1,290	1,290	1,290
Yuvraj Juwaheer	US$25	383	381
Yvonne Stillhart	CFH45	759	705
		4,455	4,401

The 2021 fees were approved by the shareholders at the Company's AGM held in November 2020, and the base currencies were unchanged compared to the 2020 fees.

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 executive 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 Portfolio Companies, as well as adherence to responsible investing ("RI") and sustainability, is a critical decision of the Board. The Board has endorsed Ethos' policy of sustainability and RI 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' Responsible Investment Policy is publicly available on its website: https://www.ethos.co.za/wp-content/uploads/2021/01/Responsible-Investment-Policy-signed-updated-version-December-2020.pdf.

Ethos' sustainability report and ESG philosophy

Ethos continues to monitor, review and analyse its ESG performance through its Portfolio Companies, culminating in a sustainability report. At the time of writing, Ethos was finalising the input for the 2021 sustainability report, presenting the ESG results for the 2020 calendar year. The report will be publicly available on the Ethos website https://www.ethos.co.za/our-ethos/, as was the case for the 2019 sustainability report. These reports are 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.

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.

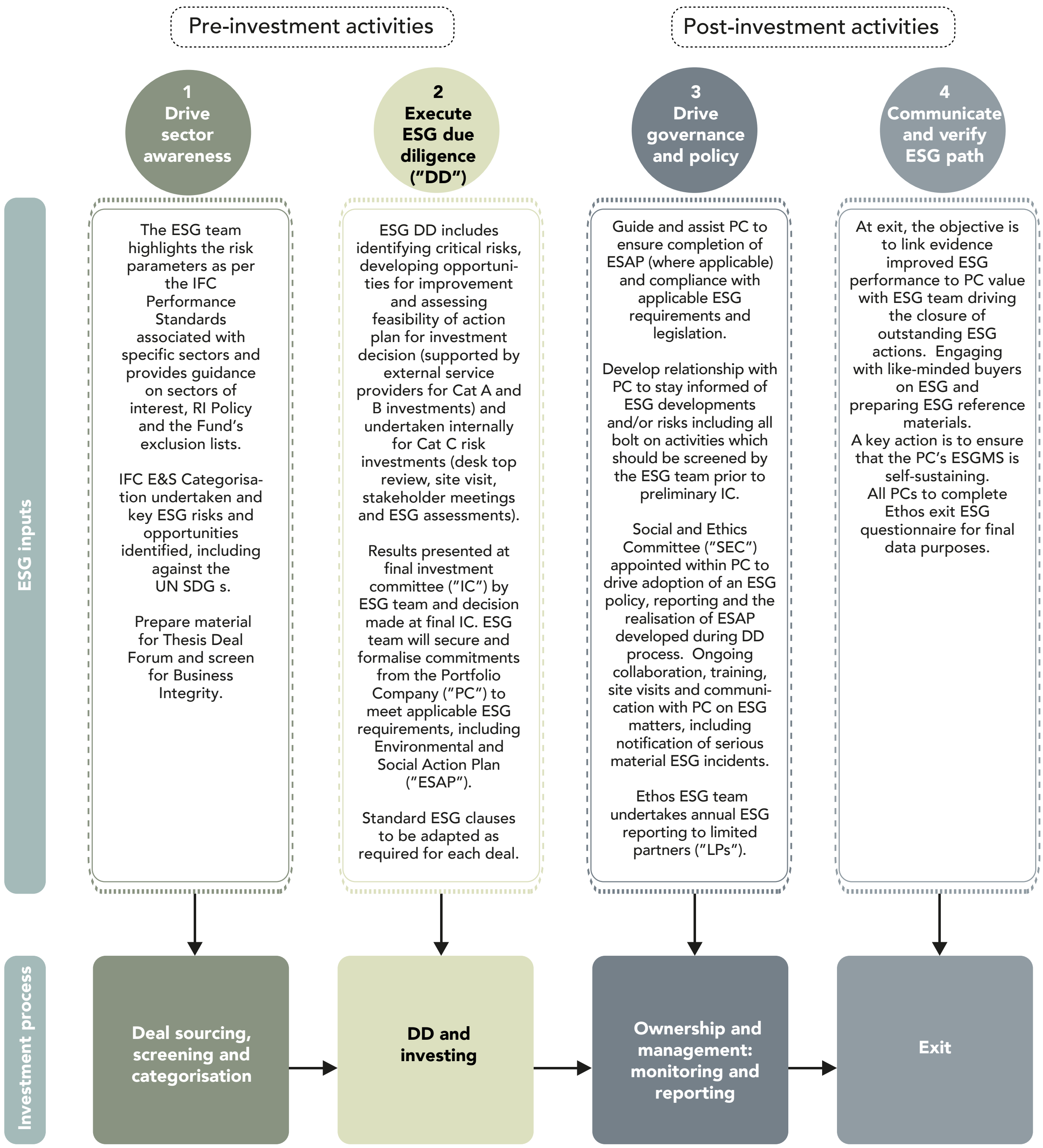
A forerunner in the private equity field, Ethos has set an example of responsible investment best practice and upholds the principles of ethical leadership. Therefore, from preacquisition due diligence through to Portfolio Company exit, ESG parameters are assessed throughout Ethos' investment process in line with Ethos' own RI Policy and its ESG Management System ("ESGMS"). The diagram on the opposite page summarises the ESGMS process that is implemented across the investment lifecycle for every Ethos Portfolio Company. Ethos continues to use the IFC Performance Standards as its risk reporting and mitigation framework but is also increasingly looking to measure and quantify its positive impact on society through linking to the UN SDGs. Mindful of the need to track robust and defensible impact data, Ethos is working with the Portfolio Companies to understand their contributions to the key identified UN SDGs for Ethos, namely UN SDG 4 Quality Education, SDG 5 Gender Equality, SDG 8 Decent Work and Economic Growth and SDG 10 Reduced Inequalities.

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.

Ethos' RI and ESG framework



Transformation at Ethos

Ethos is fully committed to supporting economic growth, meaningful B-BBEE in South Africa and the eradication of poverty and inequality. By setting the strategic compass and vision to drive B-BBEE transformation activities at Ethos and at the Portfolio Companies, it ensures that the internal processes are designed to assist, monitor and achieve, meaningful, successful, and most importantly, sustainable, levels of empowerment, both internally and externally. Their performance is actively monitored and specific guidance is given where gaps are identified.

Ethos strives to implement strategies that embrace not just the requirements, but the spirit of B-BBEE. These strategies include, but are not limited to, influencing changes on the boards of the Portfolio Companies and in their C-Suites and prioritising the employment of more black woman professionals into senior roles, supporting skills and enterprise development initiatives. In addition, Ethos supports implementation programmes by holding regular workshops and engagements on relevant topics with its teams and Portfolio Companies. It also focuses on embracing diversity and inclusion through targeted initiatives, which in turn support the UN SDGs, namely SDG 10 Reduced Inequalities and SDG 5 Gender Equality.

Ethos believes that this combination of activities not only supports the South African economy, the government's economic development policies and those of their broader stakeholders, but also results in improved performance and returns for its investors.

It actively promotes the implementation of 'best in practice' methodology in terms of B-BBEE and firmly believes that its activities enhance social development and economic value. Furthermore, Ethos is continually identifying potential partners with a view to supporting black-owned and black-women-owned suppliers wherever possible.

Ethos Capital 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 B-BBEE solutions and transformational impact.

Ethos is currently rated as a Level 3 contributor under the Financial Sector Codes.

Ethos' B-BBEE transactions support the national priority of promoting black ownership. Ethos has an on-going policy of proactively seeking investment opportunities involving sustainable material black ownership and participation. The Ethos mid market fund is a mid-cap investor and has strong strategic B-BBEE credentials. Ethos actively drives broader participation in Portfolio Companies because they believe that businesses with diversity are more valuable and more sustainable.

Committed to supporting economic growth and transformation

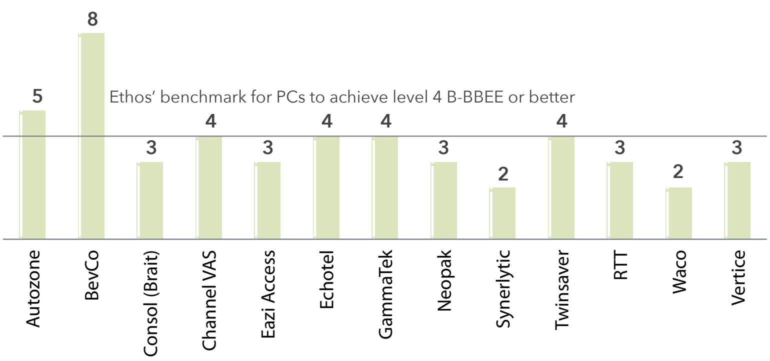
Portfolio Company transformation

Pioneering the introduction of meaningful black ownership in Portfolio Companies is a priority. Ethos has significant depth of experience and expertise in structuring and creating value from such transactions.

Ethos is proud of the role it plays in South Africa, enabling significant direct black ownership participation while delivering quality skills transfer to the empowerment groups it has partnered with and thus contributing to SDG 10 **Reduced Inequalities, specifically through contributing to target 10.4: adopt policies, especially fiscal, wage and social protection policies and progressively achieve greater equality.**

The significant transfer of business skills that has taken place over the course of Ethos' participation in private equity B-BBEE transactions is evidenced by companies where their black empowerment partners have advanced to become established business owners in their own right.

PORTFOLIO COMPANY TRANSFORMATION



Corporate social responsibility ("CSR") at Ethos – the Education Trust

In November 2012, Ethos established the **Ethos Educational Foundation Trust** ('the Education Trust") with the primary objective of providing financial assistance and personal development to talented previously disadvantaged individuals to advance their studies after having completed their secondary school certificates. Ultimately, the goal was to create improved employment opportunities and, where possible, enable disadvantaged individuals to qualify for, and to enter, financial and professional services. This links to **SDG 4: Quality Education, specifically target 4.3: "ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university".**

The Education Trust is overseen by a board of trustees headed by an independent chairman, Mr Peter Mageza, and reports quarterly to the Ethos Board and the Ethos Sustainability Committee. Formal budget and review processes are in place, whereby regular feedback and reporting is provided by The Tomorrow Trust on the progress of the beneficiaries together with annual site visits to the educational institutions.

The Education Trust launched its bursary programme in January 2013, in partnership with **The Tomorrow Trust**. It offered four beneficiaries the opportunity to study undergraduate courses at universities in Cape Town, Johannesburg and Pretoria in the areas of finance, engineering and accounting.

This number has increased year on year to 10 students in 2020. Beyond financial contributions to academic fees, learning material and living costs, Ethos' close collaboration with The Tomorrow Trust provides beneficiaries with a mentorship and vacation work programme to enhance opportunities for future employment.

Many Ethos staff members support this programme as mentors, giving up numerous hours of their time to coaching and encouraging the students. To give these students the best chance of success and to measure the impact of our programme, they monitor and support all the students post graduation. We are proud of the students who have graduated and secured permanent employment, and those who are currently completing internships with major financial institutions.

The Education Trust currently sponsors **seven** students involved in different tertiary studies and universities.

Four of the 2020 students have graduated to secure permanent employment in 2021.

CSR at Ethos – The Tomorrow Trust

The Tomorrow Trust is a South African non-profit organisation ("NPO") founded in 2005 that supports orphaned and vulnerable children throughout their educational journey. The Tomorrow Trust provides integrated education and holistic support from Grade R to Grade 12 and into college and university. It focuses on academics and life skills, thereby empowering everyone to reach their full potential as self-sustaining and proactive members of society. Once a student graduates from college, they are fully prepared for a career in their field of study. Providing students with a fulfilling career strengthens their communities and the economy. Graduates go on to support their entire family, thereby bringing them out of poverty.

Over the past 12 months the students participated in the following programmes implemented by The Tomorrow Trust:

- The launch of the first microclasses online through a platform called Be A Better Human, which provides a variety of elearning micro classes, including courses on emotional intelligence and personal branding. A portion of each course fee goes to the linked charity;
- The 2020 SAGEA Development Conference on working with students and graduates during the pandemic.
- Women in Leadership Lighthouse Leadership series; and
- Various forum meetings and discussions with partners in the higher education space looking at: measuring the psycho-social impact of our interventions, finding new and more cohesive ways to analyse our results, and general monitoring and evaluation in the higher education space.

The Tertiary Programme Overview for 2020, included Holistic Workshops, Career Conversations, Youth Employability Programme and the FIERCE Programme.

Over the course of the second half of the year, workshops were held on Saturday mornings utilising Zoom and Microsoft Teams. Despite the pandemic, The Tomorrow Trust remained committed to continuously up to date with the latest trends, interventions and skills development programmes to ensure the tertiary student support programmes were tailored, remaining world class, innovative and current.

A self-esteem programme called FIERCE, which aims to improve the way female students think about themselves, their decision making and life choices, was implemented, providing a safe and supportive environment for them to explore and implement strategies and coping skills designed to increase self-esteem. This was achieved in a very practical way through intimate group sessions in which the girls were able to talk about their self-esteem and how it affects them on a daily basis. Topics covered included; self-esteem, positive identity and self-talk, body image and the power of words, peer pressure and saying no, leadership skills and integrity as a woman.

As part of the holistic support and development for the tertiary students, a structured career programme was planned for 2020. "Career Conversations," a major part of the programme, in which the students were invited to a conversational meeting with professionals from the specific sectors they are studying towards, was implemented online due to the pandemic.

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 SEC 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 2021, however, a few select case studies are presented here.

CHANNEL VAS

an emerging market FinTech and analytics platform with a unique positioning providing banking to the underbanked

channel vas

Mission

Provide the underbanked and financially excluded with access to financial services that are relevant, affordable and sustainable.

Channel VAS is ideally positioned to cater to the needs of the underbanked population worldwide, through its Airtime Credit Service ("ACS"), Mobile Financial Services ("MFS") and Data Monetisation products, benefitting from the widespread adoption of mobile phones among this population.

Market context

A known barrier to financial inclusion is the credit scoring approach utilised by traditional prudential lending rules, which are unable to assess the credit worthiness of individuals who lack financial identity and financial history. Traditional "bricks and mortar" banking infrastructure struggle to develop business models that serve low-income customers, who often have no or low levels of literacy and live in rural areas. This ultimately results in financial exclusion.

Sources: World Development Indicators, World Bank; Global Findex Database, World Bank (2017)

Financial exclusion results in lower access and fewer options for borrowing for the underbanked

In SSA, **57% of adults do not have an account** at a bank or with a mobile money services provider (versus 66% in 2014)

While the share of adults with an account at a financial institution rose by 4% from 2014 to 2017, **the share with a mobile money account nearly doubled to 21%**

Investment into Channel VAS addresses SDG 9 Industry, Innovation and Infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

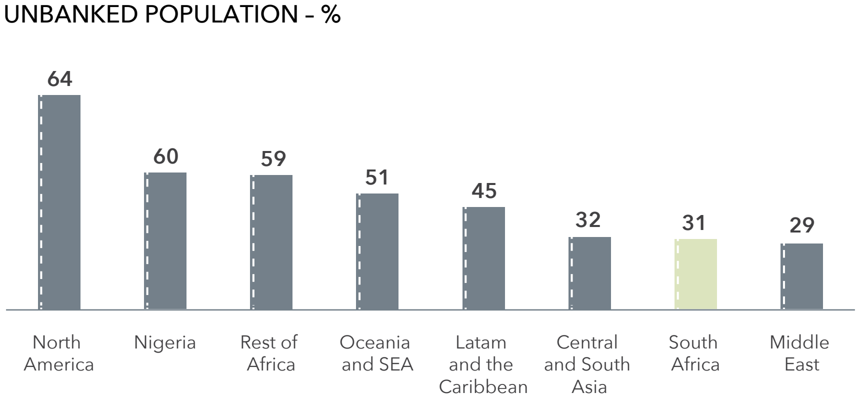
Target 9.3: Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

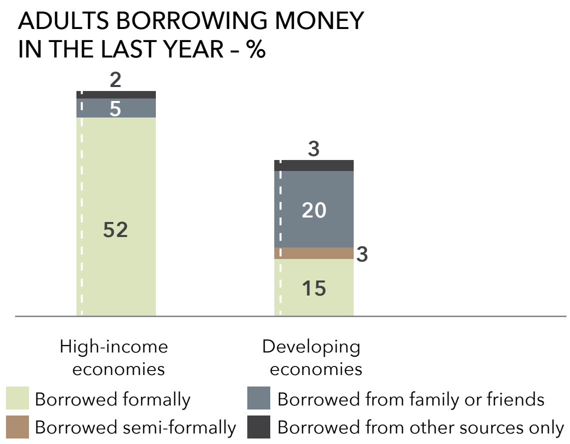
Channel VAS uses a unique credit decisioning platform that deploys artificial intelligence technologies to provide mobile financial and airtime credit services to consumers via Mobile Network Operators ("MNOs") and financial institutions ("FIs") at very low default rates.

25.2% of customers are first time borrowers

70 – 95% of customers have never had a bank account

74.8% of borrowers are returning customers





The most common source of credit in high income economies is formal borrowing vs. family and friends in developing economies

Channel VAS's product suite is not limited by access to internet as it is offered through omni-channel distribution including USSD, Voice, SMS, App, Web and WhatsApp. This makes the service easily accessible and understandable for all customers.

Impact delivered

FINANCIAL INCLUSION through accessible and affordable financial services

Providing the underbanked in emerging markets with mobile access to financial services through scalable technology, leading global and economic social development through financial inclusion for all.

Channel VAS provides unsecured, uncollateralised short-term consumer finance to mobile subscribers (who have previously been financially excluded) through an innovative platform. Loans are typically used to fund airtime purchases and necessities (food and utilities) or to purchase stock for their businesses (micro-level).

Channel VAS has demonstrated controlled risk-taking through a track record of very low default rates. This indicates responsible lending and the avoidance of over-indebtedness in the addressable market – a key risk of lending to individuals who lack financial identity, financial history and have low levels of literacy.

- Distributed **>US$8 billion in loans** since inception in 2012
- **US$7 million in loans per day** across **18 million daily transactions** ($1 - $5 per loan); this has increased from 10 million daily transactions in 2018
- **+3.5 million eligible nano cash loan customers** and **US$2 million monthly advances** in FY2020
- **Industry leading** performance on default rates driven by proprietary algorithmic decision making
- **Partnerships with 28** MNOs and banks
- **Cash positive** since inception

VERTICE

addressing healthcare challenges in SSA and contributing to UN SDG 3 Good Health and Wellbeing

What is the challenge in healthcare in SSA?

3 GOOD HEALTH AND WELL-BEING

High growth rates in emerging markets are driving increased affluence with a growing urban middle class and shifting the disease burden toward non-communicable diseases. Together with rapid urbanisation, improved life expectancy and aging populations this is significantly increasing spend on healthcare

Investment into the healthcare sector addresses **UN SDG 3 Good Health & Wellbeing**

At least half the world's population, many of whom suffer financial hardship, are still without access to essential health services. In rich and poor countries alike, a health emergency can push people into bankruptcy or poverty.

33%

of total healthcare expenditure in SSA relates to out-of-pocket expenditure by households…

…this compares to 14% in high-income countries

1:1,000

1 nurse/midwife per 1,000 people in SSA…

…this compares to 2.7 nurses/midwives per 1,000 people in middle-income countries and 10.9 in high-income countries

In order to address the healthcare challenges on the continent, SSA requires:

Cost-effective			*Innovative*
Ai-enabled			*Easy to manufacture*

healthcare solutions.

SSA has a high percentage of deaths caused by communicable diseases and maternal, prenatal and nutrition conditions:

54%

this compares to…

18% in middle-income countries and

7% in high-income countries

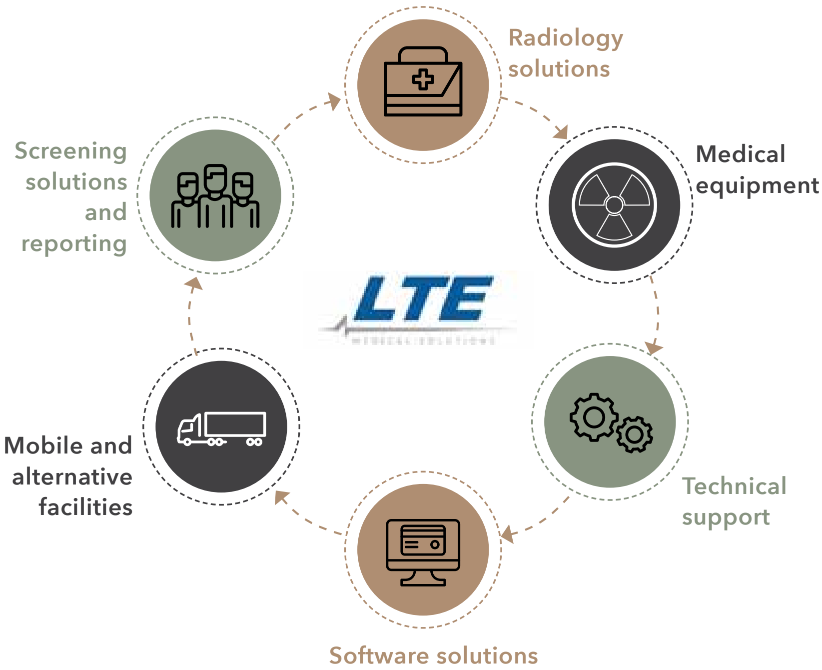
30% 2010

36% 2019

However, the demographic transition in the region is leading to increasing prevalence of death caused by non-communicable diseases

LTE

LTE's services provide mobile and alternative healthcare facilities that reach underserved communities in remote areas providing much needed services that otherwise would not be accessible



LTE is a professional service provider in the healthcare industry with a focus to deliver sustainable solutions to strengthen existing health systems and outcomes.

The one stop solutions offer clients and funders a comprehensive healthcare programme for **supply of disease diagnostic & related solutions** across the African continent, e.g., **TB screening, male circumcision, HIV screening, women's health** etc.

LTE's **key customers** are the **multinational organisations providing funding for the improvement of healthcare outcomes in Sub Saharan Africa** (United Nations, CDC, World Bank, US Aid, UNICEF, Global Fund etc.)

LTE's products and services include:

- mobile and alternative healthcare clinics;
- radiology and imaging equipment;
- medical and healthcare equipment;
- health software solutions;
- clinical outsourced services; and
- technical and after sales support.

Customers and projects completed

unicef
ICAP
IntraHealth
THE WORLD BANK
SAMSUNG
Right to care
NEPAD
WITS HEALTH CONSORTIUM
CDC
TheGlobalFund

Impact delivered

Provided **>100 mobile and semi mobile clinics** across Africa through more than 50 turnkey projects across the African continent

Supplied equipment and services to **over 22 African countries**

One of LTE's most used solution is the mobile TB screening clinics, the **South African Department of Health** is currently using **15** state-of-the-art container X-ray clinics to screen **+620,000** people across South Africa. This is linked to the proprietary real-time data reporting platform and provides daily statistics.

Samsung/South Africa Ministry of Health
Fast erectable primary healthcare clinic with school; solar powered

Over the years, hundreds of thousands of patients have received access to healthcare services via mobile, semi-mobile and fixed clinics provided by LTE.

The mobile clinics are custom built for the clients' requirements and can be small panelled vans, light or heavy-duty trucks, buses or containers. They are fully sustainable with off-grid capabilities.

To support COVID screening, testing and limit the spread of the Corona virus, LTE manufactured mobile laboratory clinics to be used by healthcare workers in rural, remote and informal areas. These vehicles are custom built and equipped with systems to allow for rapid confirmative testing on site. The vehicles are designed to serve as mobile clinics post COVID and can be used for TB, HIV and primary health care services. The mobile laboratories offers front line support in fighting the COVID pandemic.

Qode: Enabling in-field solutions

Qode Health Solutions owns and co-owns proprietary software which is used for in-field diagnosis to manage specific disease profiles and is currently focused on HIV (South Africa, Zambia and Malawi), **COVID** (South Africa and Botswana), **mental health** (Namibia) and **TB** (South Africa). Qode software, in association with LTE's mobile solution reach, is easily scalable for other diseases for current clients and future NGOs.

The **largest client** is the United States government via **the United States Agency for International Development (USAID) and Centre for Disease Control (CDC)**.

Samsung/South Africa Ministry of Health
Fast erectable primary healthcare clinic with school; solar powered

IntraHealth/Tanzania voluntary medical male circumcision clinic

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 , Act No. 15 of 2001 ("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 & Touche. The independent auditor's unmodified report is presented on page 84.

Approval of the Annual Financial Statements

The Directors' Report on pages 80 to 83 and the Annual Financial Statements and the notes to the Annual Financial Statements set out on pages 88 to 128, were approved by the Board and are signed on its behalf by:

Yvonne Stillhart
Chairperson of the Board

Kevin Allagapen
Independent non-executive Director

23 September 2021

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 2021.

For Ocorian (Mauritius) Limited
Company Secretary

23 September 2021

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") submits below its report for the financial year ended 30 June 2021.

Responsibilities of the ARC

The responsibilities of the ARC are detailed on page 55 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 financial reporting

The ARC is responsible for assessing the systems of internal controls relating to financial and business processes and financial 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, reviewed the management accounts and considered the controls of the controlled entity, 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 in relation to the Company and its controlled entity are effective and form a basis for the effective preparation and reporting on the Group and Company's 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 84 to 87 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 some of the 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 & Touche and the designated individual partner, Dinesh Munu, and the proposed appointment of the new designated individual partner, Justin Dziruni, for the 2022 financial year. In addition, the ARC discussed the matter of their independence with the external auditors and satisfied itself regarding the independence of Deloitte & Touche South Africa and Deloitte & Touche Mauritius, respectively.

Deloitte & Touche has served as the external auditor of the Company for the past four years since listing. 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 & Touche and was satisfied that given this is the fifth financial year since listing that Deloitte & Touche 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
Chairperson of the Audit and Risk Committee

23 September 2021

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

Each of the Senior Advisors, fulfilling the roles of the Company's CEO and CFO respectively, and whose name is stated below, hereby confirms that:

- the Company Annual Financial Statements set out on pages 88 to 128, fairly present in all material respects the financial position, financial performance, and cash flows of EPE Capital Partners Ltd in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the Company Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company has been provided to effectively prepare the Annual Financial Statements of the Company; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the Company Annual Financial Statements, having fulfilled its role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016 ("King IV")*. Where I am not satisfied, I have disclosed to the ARC and the auditors the deficiencies in the design and operational effectiveness of the internal financial controls and any fraud that involves Directors, and have taken the necessary remedial action.

Peter Hayward-Butt
Chief Executive Officer

Jean-Pierre van Onselen
Chief Financial Officer

23 September 2021

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 2021.

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 R1.716 billion at 30 June 2021 (2020: R1.712 billion), representing a NAV per share ("NAVPS") of R6.67 (2020: R6.65). Total assets of the Group amounted to R1.884 billion at 30 June 2021 (2020: R1.905 billion).

Including the investment in Brait at its NAV, the Group's NAV at 30 June 2021 was R2.367 billion (2020: R2.348 billion) and the Group's NAVPS was R9.19 (2020: R9.12).

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 Company ended its financial year with a NAV of R1.872 billion (2020: R1.856 billion), which equates to a NAVPS of R6.91 (2020: R6.85). The Group and Company achieved a comprehensive profit over the financial year of R4.640 million (2020: comprehensive loss R809.1 million) and R15.670 million (2020: comprehensive loss R799.7 million) respectively.

COVID-19 ("COVID") and social unrests

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, albeit at different levels, currently into August 2021. All non-essential businesses were forced to close-down during the initial "hard lockdown", which was gradually eased over the following months as government's risk-adjusted approach tried to gradually reopen the economy.

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; 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 to some extent, together with a recovery in trading conditions since then.

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, March 2021 and June 2021 respective Board and Committee meetings were held electronically with the two local Directors in attendance in Mauritius as per the requirements, and the meetings were chaired by Kevin Allagapen.

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. While the valuation multiples of some sectors did increase towards the latter half of 2021, Ethos decided initially 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.

In July 2021, protests that were triggered by the jailing of former President Zuma for refusing to appear before the Commission of Inquiry into State Capture quickly escalated into rampant rioting and violence. In a matter of days, the looting of shops and warehouses and the destruction of property was extensive, mostly in KZN and Gauteng.

The unrest had a direct impact on several Portfolio Companies. Numerous facilities were looted and vandalised and supply chains were disrupted, compounding the COVID-related stress that most of them were recovering from. Ethos has again harnessed its collective resources to support the Portfolio Companies. Those affected have put in place response plans to stabilise operations and processes are underway to quantify the damage, submit insurance claims and mitigate risk against the possibility of similar occurrences in future.

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 2021 (2020: Rnil).

Share capital

The Company restructured its share capital on 5 August 2016, and listed its A Ordinary Shares on the JSE. In February 2020, the Company completed a Rights Issue and issued a further 100,000,000 A Ordinary Shares at R7.50 per share.

The issued share capital of the Company as at 30 June 2021 is set out in note 9 of the Notes to the Annual Financial Statements.

As at 30 June 2021, 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 2021 was R4.00 (2020: R4.11).

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 2021, is 9,000,000 (2020: 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 16 November 2021. 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 2022, 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 Corporate Governance Report on page 52 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 59 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 53 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 17 of the Notes to the Annual Financial Statements and the Remuneration Report is presented on pages 62 and 63 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 2021.

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 & Touche, who has expressed their willingness to continue in office, and Mr Justin Dziruni, as the designated audit partner, who has expressed his willingness to be appointed, to be reappointed and appointed 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 2021 are disclosed in note 26 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 2021 are detailed in note 27 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

23 September 2021

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 "the Company") set out on pages 88 to 128, which comprise the consolidated and separate statements of financial position as at 30 June 2021, 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 2021, 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 (ISA). 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of unlisted investments (Consolidated and Separate Financial Statements)</td></tr>
<tr><td>
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 is 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 R1,827 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 to the maintainable earnings, the earnings multiple and adjustments to these, 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 second and third wave lockdowns on the above assumptions in Ethos management's valuations required consideration from the audit team.
The disclosure associated with the valuation of unlisted investment is set out in the consolidated annual financial statements in Note 4, Unlisted Investments at Fair Value, and Note 24, Financial risk factors and instruments.
</td><td>
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 acceptable industry norms;
Assessed the adequacy of earnings and applicable adjustments made to arrive at the maintainable earnings figures used in determining the fair value of listed investments
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.

Whilst we note that COVID continues to have an impact on estimation uncertainty in the valuation of unlisted investments in the current year, we note that this has decreased in comparison to our prior year audit, due to companies learning to adapt better under these new conditions. As a result, we have found the models used for the investment valuations and assumptions applied by Ethos management to be reasonable.
We assessed the disclosure of the unlisted investment and the fair value thereof against the requirements of IFRS 13 Fair Value Measurement.
</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "EPE Capital Partners Ltd Integrated Annual Report for the year ended 30 June 2021", which includes the: Directors' responsibility and approval; the Report from the Company Secretary, the Report of the Audit and Risk Committee; Declaration by the CEO and CFO; the Directors' report; and the Integrated Annual Report, which we obtained prior to the date of this. 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 the requirements of the Companies Act of Mauritius, 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 the Company or 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's and the 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 the 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 year 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 & Touche has been the auditor of EPE Capital Partners Ltd and the Group for the past six years.

Deloitte & Touche
Registered Auditor
Per: Dinesh Munu
Partner
23 September 2021

5 Magwa Crescent
Waterfall City
Johannesburg
2090

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2021

		Group		Company	
	Notes	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	4	1,827,336	1,891,743	1,827,336	1,891,743
Total non-current assets		1,827,336	1,891,743	1,827,336	1,891,743
Current assets					
Other assets and receivables	5	10,835	4,717	10,832	4,715
Income tax receivable	6	903	622	903	622
Money market investments at fair value	7	40,796	–	40,796	–
Cash and cash equivalents	8	4,578	7,993	4,102	7,504
Total current assets		57,112	13,332	56,633	12,841
Total assets		1,884,448	1,905,075	1,883,969	1,904,584
Equity and liabilities					
Capital and reserves					
Issued capital	9	2,291,272	2,291,272	2,426,272	2,426,272
Accumulated losses	10	(574,882)	(579,522)	(554,394)	(570,064)
Total equity		1,716,390	1,711,750	1,871,878	1,856,208
Non-current liabilities					
Borrowings	11	155,967	184,949	–	40,000
Total non-current liabilities		155,967	184,949	–	40,000
Current liabilities					
Other liabilities and payables	12	12,091	8,376	12,091	8,376
Total current liabilities		12,091	8,376	12,091	8,376
Total equity and liabilities		1,884,448	1,905,075	1,883,969	1,904,584
Net asset value		1,716,390	1,711,750	1,871,878	1,856,208
Basic net asset value per share (Rand)	21.2	6.67	6.65	6.91	6.85
Attributable shares in issue at end of the year ('000)	21.2	257,500	257,500	271,000	271,000

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		Group		Company	
	Notes	**Year ended 30 June 2021 R'000**	**Year ended 30 June 2020 R'000**	**Year ended 30 June 2021 R'000**	**Year ended 30 June 2020 R'000**
Revenue					
Changes in fair value of investments through profit or loss	13	31,510	(797,592)	31,510	(797,592)
Investment income	14	1,023	17,053	1,017	17,041
Net fair value losses	15	(3)	(279)	(3)	(279)
Total revenue/(losses)		32,530	(780,818)	32,524	(780,830)
Expenses					
Administration fees	16.1	(88)	(661)	(88)	(661)
Legal and consultancy fees	16.2	(542)	(1,706)	(542)	(1,706)
Other operating expenses	16.3	(7,642)	(9,406)	(7,624)	(9,404)
Finance costs	16.4	(14,639)	(12,799)	(3,621)	(3,331)
Total expenses		(22,911)	(24,572)	(11,875)	(15,102)
Profit/(loss) before tax		9,619	(805,390)	20,649	(795,932)
Income tax expense	18	(4,979)	(3,736)	(4,979)	(3,736)
Profit/(loss) for the year		4,640	(809,126)	15,670	(799,668)
Other comprehensive income for the year		–	–	–	–
Total comprehensive income/(loss) for the year		4,640	(809,126)	15,670	(799,668)
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share (Rand)	21.1	0.02	(4.13)	0.06	(3.82)

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 2021

		Year ended 30 June 2021		
Group	**Notes**	**Issued capital R'000**	**Accumulated losses R'000**	**Total equity R'000**
Balance at 1 July 2020		2,291,272	(579,522)	1,711,750
Total comprehensive income for the year	10	–	4,640	4,640
Balance at 30 June 2021		2,291,272	(574,882)	1,716,390

		Year ended 30 June 2020		
	Notes	**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	10	–	(809,126)	(809,126)
Balance at 30 June 2020		2,291,272	(579,522)	1,711,750

		Year ended 30 June 2021		
Company	**Notes**	**Issued capital R'000**	**Accumulated losses R'000**	**Total equity R'000**
Balance at 1 July 2020		2,426,272	(570,064)	1,856,208
Total comprehensive income for the year	10	–	15,670	15,670
Balance at 30 June 2021		2,426,272	(554,394)	1,871,878

		Year ended 30 June 2020		
	Notes	**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	10	–	(799,668)	(799,668)
Balance at 30 June 2020		2,426,272	(570,064)	1,856,208

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		Group		Company	
	Notes	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Cash flows from operating activities:					
Cash (used in)/generated by operations	20	(10,675)	686	(10,656)	688
Interest income from cash and bank balances	14	493	607	487	595
Finance costs paid		(3,621)	(3,331)	(3,621)	(3,331)
Income tax paid		(5,260)	(3,999)	(5,260)	(3,999)
Net cash used in operating activities before investment activities		(19,063)	(6,037)	(19,050)	(6,047)
Cash flows from investment activities					
Net cash flow from non-current investments		95,917	(1,262,074)	95,917	(1,262,074)
Payments to acquire non-current investments		(28,517)	(1,275,563)	(28,517)	(1,275,563)
Proceeds on disposal of non-current investments		106,812	15,811	106,812	15,811
Interest received from non-current investments		12,564	2,249	12,564	2,249
Dividends received from non-current investments		30,268	22,984	30,268	22,984
Investment-related expenses		(25,210)	(27,555)	(25,210)	(27,555)
Net cash flow from current investments		(40,266)	497,195	(40,266)	497,195
Payments to acquire money market investments		(40,679)	(617,555)	(40,679)	(617,555)
Proceeds on maturities and disposals of money market investments		–	1,092,028	–	1,092,028
Interest received from money market investments		413	22,722	413	22,722
Net cash generated by/(used in) investment activities		55,651	(764,879)	55,651	(764,879)
Cash generated by/(used in) operating activities		36,588	(770,916)	36,601	(770,926)
Cash flows from financing activities:					
Proceeds from issue of ordinary shares		–	750,000	–	750,000
Payment for share issue costs		–	(14,673)	–	(14,673)
(Repayment of)/proceeds from borrowings		(40,000)	40,000	(40,000)	40,000
Net cash (used in)/generated by financing activities		(40,000)	775,327	(40,000)	775,327
Net (decrease)/increase in cash and cash equivalents		(3,412)	4,411	(3,399)	4,401
Cash and cash equivalents at the beginning of the year		7,993	3,576	7,504	3,097
Effects of exchange rate changes on the balance of cash held in foreign currencies	15	(3)	6	(3)	6
Total cash and cash equivalents at the end of the year	8	4,578	7,993	4,102	7,504

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 General information

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") 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 Company exposure to a diversified portfolio of unlisted private equity-type investments. The Group refers to the consolidated results of the Company and its deemed controlled entity.

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 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
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 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.

IFRS 9, IAS 39, IFRS 7 and IFRS 16

As an investment holding company, the Group has no leases and does not engage in any hedging instruments.

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 2021 that might be relevant to the Group and not implemented early, are as follows:

Standard	Subject	Effective date
Amendments/Improvements		
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest rate benchmark reform – Phase 2*	1 January 2021
IFRS 16	*Covid-19-related rent concessions beyond 30 June 2021*	1 April 2021
IAS 16	*Property, plant and equipment – proceeds before intended use*	1 January 2022
Various	*Annual improvements to IFRS standards*	1 January 2022
IFRS 3	*Reference to the conceptual framework*	1 January 2022
IAS 37	*Onerous contracts – cost of fulfilling a contract*	1 January 2022
IFRS 17	*Insurance contracts*	1 January 2023
IFRS 17	*Amendments*	1 January 2023
IAS 1	*Classification of liabilities as current or non-current – deferral of effective date*	1 January 2023
IFRS 4	*Extension of the temporary exemption from applying IFRS 9*	1 January 2023
IAS 1, IFRS Practice Statement 2	*Disclosure of accounting policies*	1 January 2023
IAS 12	*Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
IAS 8	*Definition of accounting estimates*	1 January 2023

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) these to either be not applicable or there to be either no material impact on the measurement or disclosures 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:

IFRS 9, IAS 39, IFRS 7 and IFRS 16

As an investment holding company, the Group has no leases and does not engage in any hedging instruments.

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 23 September 2021.

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.

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. Other currencies that are relevant to the Group are: British Pound Sterling ("GBP"); Swiss Franc ("CHF"); and United States Dollar ("US$").

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 2021, the applicable rate used to translate foreign currency balances was US$:ZAR14.2725.

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 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.

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.

3.12 Statements of Cash flows

As noted, the Company is an investment holding company with a strategy to largely invest in longer-term investments by investing into four asset categories: Primary, Secondary, Direct and Temporary Investments. Given the core operating nature of the above strategy and the longer-term hold and realisation periods, it is the policy of the Group to classify and recognise all of its investment-related activities and investment income received from these investments as operating activities in the Statements of Cash flows. Any other investment strategy will be classified and recognised as investing activities in the Statements of Cash flows.

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 2021, the Group had the following investments:

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Investments held at fair value through profit or loss:				
Carrying amounts of:				
Unlisted investments	1,827,336	1,891,743	1,827,336	1,891,743
	1,827,336	1,891,743	1,827,336	1,891,743
Comprising:				
Cost	2,590,450	2,664,271	2,590,450	2,664,271
Unrealised capital revaluation movement at the end of the year	(949,741)	(911,569)	(949,741)	(911,569)
Accrued income	186,627	139,041	186,627	139,041
	1,827,336	1,891,743	1,827,336	1,891,743
Underlying Portfolio Companies consisting of:				
Unlisted investments	1,425,077	1,438,999	1,425,077	1,438,999
Listed investments	402,259	452,744	402,259	452,744
	1,827,336	1,891,743	1,827,336	1,891,743

The investments consisted of the following 10 investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2021 %	Cost 30 June 2021 R'000	Valuation 30 June 2021 R'000	Income distributions received 30 June 2021 R'000	Devaluation 30 June 2021 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII[(1)]	61	796,878	697,765	26,232	(99,113)
EMMF I[(2)]	38	597,362	456,381	156	(140,981)
EDI[(3)]	1 – 6	637,803	275,973	5,838	(361,830)
EHP[(4)]	13	93,513	137,647	–	–
EAiF I[(5)]	20	74,905	98,036	5,179	–
Primedia Holdings (Pty) Ltd	4	144,247	64,298	–	(79,949)
EF VI[(6)]	<2	94,579	59,820	5,427	(34,759)
EMM Direct[(7)]	9	110,891	30,560	–	(80,331)
EMP 3[(8)]	n/a	18,115	6,856	–	(11,259)
Ster Kinekor Theatres Pty Ltd	4	22,157	–	–	(22,157)
		2,590,450	1,827,336	42,832	(830,379)

[(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 Fund VI (Jersey) LP.*
[(7)] *Ethos Mid Market Direct Investment Partnership.*
[(8)] *Ethos Mezzanine Partners 3 (B) Partnership.*

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 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.

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	61	798,290	667,713	14,741	(130,577)
EMMF I	38	584,235	390,772	99	(193,463)
EDI	2 – 6	690,530	378,139	4,950	(312,391)
EHP	18	93,513	116,778	–	–
EAiF I	26	94,575	112,704	3,552	–
Primedia Holdings (Pty) Ltd	4	144,247	79,177	–	(65,070)
EMM Direct	9	110,891	61,027	–	(49,864)
EF VI	<2	93,325	47,793	–	(45,532)
EMP 3	15	36,866	22,794	1,891	(14,072)
Ster Kinekor Theatres Pty Ltd	4	17,799	14,846	–	(2,953)
		2,664,271	1,891,743	25,233	(813,922)

Further details on the Ethos Funds that the Group invests 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 2021, the underlying investments (Portfolio Companies) of the above Funds constituting 97.0% 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 2021 %
Channel VAS	EF VII/EAiF I/EDI	8.7	FinTech service provider	28.5
Virgin Active (Brait)	EF VII/EDI	7.8	Health club operator	9.5
Vertice	EHP/EAiF I/EF VI	16.9	MedTech	9.3
Echo	EMMF I/EF VII	31.9	Corporate ISP	9.1
Premier (Brait)	EF VII/EDI	9.6	FMCG manufacturer	9.0
Synerlytic	EMMF I	37.2	Specialised analytical and testing services	9.0
Gammatek	EMMF I	20.3	TMT accessory distribution	5.5
Primedia	EF VI/Direct	4.7	Media	3.6
Kevro	EMMF I/EMM Direct	16.6	Corporate clothing and gifting	3.1
Autozone	EF VI/EMMF I	8.2	Automotive parts retailer & wholesaler	2.0
MTN Zakhele Futhi	EMMF I	4.0	Telecommunications	1.8
TymeBank	EAiF I	1.6	Banking	1.6
Eazi Access	EF VI/EMMF I	4.9	Industrial support services	1.0
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.9
New Look (Brait)	EF VII/EDI	1.8	Multi-channel fast-fashion brand	0.7
Consol Glass (Brait)	EF VII/EDI	0.3	Manufacturer of glass packaging	0.4
RTT	EF VI	0.7	Logistics	0.4
Neopak	EF VI	1.4	Paper and packaging	0.4
Twinsaver	EF VI/EMMF I	7.5	FMCG manufacturer	0.4
Waco International	EF VI	0.3	Industrial support services	0.4
Chibuku	EMP 3	n/a	Brewing and distribution	0.4
Ster Kinekor	EF VI/Direct	4.7	Media (entertainment)	–
				97.0

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 20 of the Integrated Annual Report as at 30 June 2021.

Reconciliation of movements:

Group and Company	Cost 30 June 2021 R'000	Capital depreciation 30 June 2021 R'000	Accrued income 30 June 2021 R'000	Total 30 June 2021 R'000
Balance at 1 July 2020	2,664,271	(911,569)	139,041	1,891,743
Acquisitions	28,517	–	–	28,517
Realisations	(102,338)	(20,510)	(2,593)	(125,441)
Proceeds received	(106,812)	–	(42,832)	(149,644)
Reversal of unrealised gain on disposal	–	(20,510)	–	(20,510)
Current year gains (excess over 1 July 2020 balance)	4,474	–	40,239	44,713
Revaluation (decrease)/increase at the end of the year	–	(17,662)	50,179	32,517
Balance at 30 June 2021	2,590,450	(949,741)	186,627	1,827,336

4 Unlisted investments at fair value (continued)

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

5 Other assets and receivables

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Prepayments	437	497	437	497
Other receivables from Ethos Funds	10,398	4,220	10,395	4,218
	10,835	4,717	10,832	4,715

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

6 Income tax receivable

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Balance at 1 July	622	359	622	359
Provisional payments	1,225	1,849	1,225	1,849
Provision for current year income tax	(944)	(1,586)	(944)	(1,586)
Balance at 30 June	903	622	903	622

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

7 Money market investments at fair value

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Investments held at fair value through profit or loss:				
Carrying amounts of:				
Cash and call accounts	40,796	–	40,796	–
	40,796	–	40,796	–
Consisting of:				
Cost	40,679	–	40,679	–
Accrued income	117	–	117	–
	40,796	–	40,796	–

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.

8 Cash and cash equivalents

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Cash and bank balances:				
Call account	1,713	2,129	1,713	2,129
Bank balances	2,865	5,864	2,389	5,375
	4,578	7,993	4,102	7,504

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

9 Issued capital

	Group		Company	
	30 June 2021 Number	30 June 2020 Number	30 June 2021 Number	30 June 2020 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	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
	287,510,000	287,510,000	287,510,000	287,510,000
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	265,010,000	278,510,000	278,510,000

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 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	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)	(49,389)	(49,389)	(49,389)
	2,500,686	2,500,686	2,500,686	2,500,686
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	2,291,272	2,426,272	2,426,272

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.

9 Issued capital (continued)

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 21), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

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 21.

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 19, 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 R10.00 per share.

10 Reserves

	Group		Company	
	30 June 2021 R'000	**30 June 2020 R'000**	**30 June 2021 R'000**	**30 June 2020 R'000**
Reserves consist of:				
Accumulated losses:				
Balance at 1 July	(579,522)	229,604	(570,064)	229,604
Income/(loss) for the year	4,640	(809,126)	15,670	(799,668)
Balance at 30 June	(574,882)	(579,522)	(554,394)	(570,064)

11 Borrowings

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Secured – at amortised cost:				
Revolving credit facility	–	40,000	–	40,000
Unsecured – at amortised cost:				
Loan facility	155,967	144,949	–	–
	155,967	184,949	–	40,000
Current	–	–	–	–
Non-current	155,967	184,949	–	40,000
	155,967	184,949	–	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 pre-agreed adjustments). R200 million of the facility is currently committed, with R500 million uncommitted. Interest accrues at a rate that is based on JIBAR plus a 3.5% margin. At 30 June 2021, the facility has not 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 2021. 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 liabilities and payables

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Administration fees payable	16	6	16	6
Advisory fees payable	5,638	5,304	5,638	5,304
Other payables	6,437	3,066	6,437	3,066
	12,091	8,376	12,091	8,376

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

13 Changes in fair value of investments through profit or loss

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Income:				
Interest accrued and received on unlisted investments	47,995	56,619	47,995	56,619
Dividends accrued and received on unlisted investments	42,423	29,455	42,423	29,455
	90,418	86,074	90,418	86,074
Net loss arising on changes in the fair value of investments	(17,662)	(856,974)	(17,662)	(856,974)
Reversal of prior years' fair value gains on disposal	(20,510)	(6,229)	(20,510)	(6,229)
Gain on realisation of investments	4,474	7,092	4,474	7,092
	(33,698)	(856,111)	(33,698)	(856,111)
Expenses:				
Ethos fees	(23,658)	(23,679)	(23,658)	(23,679)
Fund formation fees	(270)	(2,625)	(270)	(2,625)
Expenses relating to the acquisition of investments	(90)	(469)	(90)	(469)
Other Fund operating expenses	(1,192)	(782)	(1,192)	(782)
	(25,210)	(27,555)	(25,210)	(27,555)
	31,510	(797,592)	31,510	(797,592)

14 Investment income

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Income:				
Interest from money market investments	530	16,503	530	16,503
Interest from cash and bank balances	493	607	487	595
Amortisation of net premium	–	(57)	–	(57)
	1,023	17,053	1,017	17,041
Analysis of investment income by category of asset:				
Interest earned from assets designated at fair value through profit or loss	530	16,446	530	16,446
Loans and receivables (including cash and bank balances)	493	607	487	595
	1,023	17,053	1,017	17,041

15 Net fair value losses

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Unrealised:				
Net loss arising on changes in the fair value of money market instruments	–	(313)	–	(313)
Net foreign exchange (loss)/gain on conversion of cash and cash equivalents	(3)	6	(3)	6
	(3)	(307)	(3)	(307)
Realised:				
Gain on realisation of money market instruments	–	28	–	28
	–	28	–	28
Net fair value losses	(3)	(279)	(3)	(279)

16 Profit/(loss) before tax

Profit/(loss) before tax has been arrived at after charging:

16.1 Administration fees

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Administration fee – Ethos	47	331	47	331
Administration fee – Ashburton	41	330	41	330
	88	661	88	661

Refer to note 22 for information on how the fees are calculated.

16.2 Legal and consultancy fees

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Professional advisors' fees	542	1,706	542	1,706
	542	1,706	542	1,706

16 Profit/(loss) before tax (continued)

16.3 Other operating expenses

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Company secretarial, accounting and other administration fees	740	1,511	740	1,511
Directors' emoluments	4,455	4,401	4,455	4,401
Auditors' remuneration	838	1,443	838	1,443
Insurance costs	278	239	278	239
Sponsor and listing-related fees	760	726	760	726
Other expenses	571	1,086	553	1,084
	7,642	9,406	7,624	9,404

16.4 Finance costs

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Interest on secured credit facility	1,542	1,097	1,542	1,097
Commitment and transaction fees	2,079	2,234	2,079	2,234
Interest on unsecured loan facility	11,018	11,856	–	–
Less: Reimbursement by Black Hawk shareholders	–	(2,388)	–	–
	14,639	12,799	3,621	3,331

17 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 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Derek Prout-Jones	1,640	1,640	1,640	1,640
Kevin Allagapen[(1)]	383	383	383	383
Michael Pfaff	1,290	1,290	1,290	1,290
Yuvraj Juwaheer[(1)]	383	383	383	383
Yvonne Stillhart[(2)]	759	705	759	705
	4,455	4,401	4,455	4,401

(1) *ZAR equivalent of US$25,000.*

(2) *ZAR equivalent of CHF45,000.*

18 Income tax expense

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Current tax:				
In respect of the current year	944	1,586	944	1,586
Withholding tax on foreign sourced income received	4,035	2,150	4,035	2,150
Total income tax expense	4,979	3,736	4,979	3,736

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		Company	
Group and Company	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Profit/(loss) before tax	9,619	(805,390)	20,649	(795,932)
Income tax charge/(credit) calculated at 15%	1,443	(120,809)	3,097	(119,390)
Adjustments for the effect of:				
Mauritian interest income exempt from taxation	(5)	(14)	(5)	(14)
Expenses that are not deductible in determining taxable profit	1,758	2,362	104	943
– Net interest on loan facility	1,654	1,419	–	–
– Expenses relating to Fund formations	40	394	40	394
– Expenses relating to failed or aborted investment transactions	13	14	13	14
– Arrangement fee on credit facility	–	225	–	225
– Legal and consultancy fees deemed of a capital nature	51	310	51	310
Realised fair value gains not taxable	(671)	(1,068)	(671)	(1,068)
Unrealised fair value losses not deductible	5,726	129,526	5,726	129,526
Tax exemption on foreign investment income	(7,307)	(8,411)	(7,307)	(8,411)
Total adjustments	(499)	122,395	(2,153)	120,976
Income tax change in respect of the current year	944	1,586	944	1,586
Withholding tax on foreign sourced income received	4,035	2,150	4,035	2,150
Income tax expense recognised in current year	4,979	3,736	4,979	3,736

19 Capital commitments and contingent liabilities

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Undrawn capital commitments:				
Consisting of unlisted investments in:				
EMMF I[(1)]	318,915	341,305	318,915	341,305
EAiF I[(2)]	75,262	55,646	75,262	55,646
EF VI[(3)]	12,175	20,075	12,175	20,075
EMP 3[(4)]	–	200,201	–	200,201
	406,352	617,227	406,352	617,227
Contingent liabilities				
RMB Bank loan	–	–	155,967	144,949
	–	–	155,967	144,949
Total commitments and contingent liabilities	406,352	617,227	562,319	762,176

(1) *Final commitment of R950 million to Ethos Mid Market Fund I (B) Partnership on 7 June 2018.*
(2) *First close commitment of R150 million to Ethos Ai Fund I (B) Partnership on 1 October 2018.*
(3) *Commitment of $10 million (R143 million) to Ethos Fund VI (Jersey) LP on 18 November 2016.*
(4) *First close commitment of R250 million to Ethos Mezzanine Partners 3 (B) Partnership on 16 May 2018, that has been partially sold and cancelled during the current year.*

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 2021. 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 R54,000,000 at 30 June 2021. In the event that the guarantee was called, the Company would be required to settle the outstanding RMB facility for an amount of R155,967,000. The guarantee has been recognised as a contingent liability in the Annual Financial Statements of the Company.

20 Notes to the Statements of Cash Flows

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Cash flows from operating activities before investing activities:				
Profit/(loss) for the year	4,640	(809,126)	15,670	(799,668)
Adjustments for:				
Investment income recognised in profit	(91,441)	(103,127)	(91,435)	(103,115)
Investment-related expenses	25,210	27,555	25,210	27,555
Loss from fair value adjustments	38,172	863,516	38,172	863,516
Net foreign exchange loss/(gain)	3	(6)	3	(6)
Gain on disposal of investments	(4,474)	(7,120)	(4,474)	(7,120)
Finance costs recognised in profit	14,639	12,799	3,621	3,331
Income tax expense recognised in profit	4,979	3,736	4,979	3,736
	(8,272)	(11,773)	(8,254)	(11,771)
Movements in working capital	(2,403)	12,459	(2,402)	12,459
(Increase)/decrease in trade and other receivables	(6,118)	11,665	(6,117)	11,665
Increase in other liabilities and payables	3,715	794	3,715	794
Cash (used in)/generated by operations	(10,675)	686	(10,656)	688

21 Earnings/(loss) 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.

21 Earnings/(loss) and NAVPS (continued)

21.1 Earnings/(loss) and headline earnings/(loss) per share

	Group		Company	
	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Total comprehensive income/(loss) attributable to ordinary shareholders	4,640	(809,126)	15,670	(799,668)
Reconciliation of basic earnings/(loss) to headline earnings/(loss):				
Total comprehensive income/(loss) attributable to ordinary shareholders	4,640	(809,126)	15,670	(799,668)
Reconciling items	–	–	–	–
Headline earnings/(loss) for the year	4,640	(809,126)	15,670	(799,668)
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares for the purpose of earnings/(loss) per share	257,500	195,751	271,000	209,251
Basic and diluted earnings/(loss) per share (Rand)	0.02	(4.13)	0.06	(3.82)
Basic and diluted headline earnings/(loss) per share (Rand)	0.02	(4.13)	0.06	(3.82)

21.2 Basic net asset value per share

	Group		Company	
	30 June 2021 R'000	30 June 2020 R'000	30 June 2021 R'000	30 June 2020 R'000
Net asset value	1,716,390	1,711,750	1,871,878	1,856,208
	'000	**'000**	**'000**	**'000**
Number of shares in issue during the year	287,500	287,500	287,500	287,500
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	257,500	271,000	271,000
Basic net asset value per share (Rand)	6.67	6.65	6.91	6.85

22 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. R27.4 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 37-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 110 transactions, delivering 98 realised investments. Further information on Ethos is disclosed in the Investment Advisor's Report on page 47 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.

23 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

23 Related parties (continued)

23.1 Investment-related fees

The fees, as detailed in note 22, that were payable to the Ethos Group during the year and any outstanding balances at 30 June 2021, are listed below:

Group and Company	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Fees payable:		
Administration fee	47	331
Management fees	652	1,469
Advisory fees	23,006	22,210
	23,705	24,010

	30 June 2021 R'000	30 June 2020 R'000
Outstanding balances:		
Administration fee	16	6
Advisory fees	5,638	5,304
	5,654	5,310

23.2 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 17.

Included in the above remuneration is an amount of R759,000 (CHF45,000) (2020: R705,000) paid to Enoha GmbH in respect of the Director's remuneration of Yvonne Stillhart.

There was no outstanding remuneration due at 30 June 2021.

23.3 Other

As set out in note 19, 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 19) for the benefit of the two Directors and/or their associates.

24 Financial risk factors and instruments

24.1 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.

24 Financial risk factors and instruments (continued)

24.1 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 2021	**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	1,827,336	–	1,827,336	–
Other assets and receivables	–	10,835	–	10,832
Income tax receivable	–	903	–	903
Money market investments at fair value	40,796	–	40,796	–
Cash and cash equivalents	–	4,578	–	4,102
Financial liabilities:				
Borrowings	–	155,967	–	–
Other liabilities and payables	–	12,091	–	12,091

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

24 Financial risk factors and instruments (continued)

24.2 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 has access to a revolving credit 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.

24.3 Valuation risk

24.3.1 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.

24 Financial risk factors and instruments (continued)

24.4 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	402,259	–	1,425,077	1,827,336
Money market investments	–	40,796	–	40,796
At 30 June 2021	402,259	40,796	1,425,077	1,868,132

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

During the year there were no 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 2021 R'000**	**30 June 2020 R'000**
Non-current assets:		
Opening balance	1,438,999	1,427,261
Transfer to level 1	–	(41,035)
Acquisitions	28,517	241,318
Realisations at 30 June 2020 carrying value	(125,441)	(15,047)
Net gains/(losses) included in the Statements of Comprehensive Income	83,002	(173,498)
	1,425,077	1,438,999

24 Financial risk factors and instruments (continued)

24.5 Sensitivity of the fair values to unobservable inputs

24.5.1 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 2021.

	Group and Company		Group	Company	Group and Company
At 30 June 2021			NAVPS		Fair value adjustment
Investments	R'000	% change	Rand	Rand	R'000
NAV:					
EF VII	697,765	±5%	±0.14	±0.13	±34,888
EMMF I	456,381	±5%	±0.09	±0.08	±22,819
EDI	275,973	±5%	±0.05	±0.05	±13,799
EHP	137,647	±5%	±0.03	±0.03	±6,882
EAiF I	98,036	±5%	±0.02	±0.02	±4,902
EF VI	59,820	±5%	±0.01	±0.01	±2,991
EMM Direct	30,560	±5%	±0.01	±0.01	±1,528
EMP 3	6,856	±5%	–	–	±343

24.5.2 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 2021, are as follows:

		Group and Company	
Methodology	Category	30 June 2021 R'000	30 June 2020 R'000
Non-earnings based:			
Fair value – early-stage investment	Unlisted private equity	30,202	39,824
Fair value – par value plus coupon	Unlisted mezzanine	6,856	22,794
Earnings based:			
Fair value – earnings based	Unlisted private equity	1,388,019	1,376,381
		1,425,077	1,438,999

Non-earnings based

Fair value – early-stage investment

The valuation technique adopted for this investment is the fair value that is derived from the early-stage funding rounds, that equates to the price of recent investment, which is a direct observable input. Therefore, no sensitivity analysis is applicable.

24 Financial risk factors and instruments (continued)

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

24.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Non-earnings based (continued)

Fair value – par

The fair value of the mezzanine loan component of the underlying investment is based on the outstanding principal at par value plus any accrued coupon/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 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 2021, 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		
At 30 June 2021	% change	Rand	Rand	Fair value adjustment R'000
Attributable EBITDA or EBITDA valuation multiple	+10%	–	–	555
Attributable EBITDA or EBITDA valuation multiple	-10%	–	–	(555)

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.

24 Financial risk factors and instruments (continued)

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

24.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

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 2021, 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 101), 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		
At 30 June 2021	**R'000**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
EF VI and relevant Co-Investments:					
Attributable EBITDA	67,000	±10%	±0.17	±0.16	±42,590
Attributable Net debt	154,000	±10%	∓0.07	∓0.07	∓17,700
Implied EBITDA valuation multiple	6.7x	±10%	±0.17	±0.16	±42,590
EF VII and relevant Co-Investments:					
Attributable EBITDA	73,000	±10%	±0.24	±0.23	±62,240
Attributable Net cash	1,000	±10%	±0.01	±0.01	±1,900
Implied EBITDA valuation multiple	8.8x	±10%	±0.24	±0.23	±62,240
EMMF I and relevant Co-Investments:					
Attributable EBITDA	118,000	±10%	±0.30	±0.29	±78,460
Attributable Net debt	336,000	±10%	∓0.13	∓0.13	∓34,200
Implied EBITDA valuation multiple	6.7x	±10%	±0.30	±0.29	±78,460

24 Financial risk factors and instruments (continued)

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

24.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (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 120, is the impact of the Group's direct shareholdings in the equity of Primedia. 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 2021, if all other inputs remain unchanged, and absent any changes in any other subjective inputs.

	Group and Company		Group	Company	Group and Company
			NAVPS		
At 30 June 2021	**R'000**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:					
Attributable EBITDA	22,000	±10%	±0.06	±0.06	±15,830
Attributable Net debt	94,000	±10%	∓0.04	∓0.03	∓9,400
Investment EBITDA valuation multiple range	7.2x	±10%	±0.06	±0.06	±15,830

24 Financial risk factors and instruments (continued)

24.6 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.

24.6.1 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 (71%) of the Funds' investments and Co-Investments are ZAR denominated with the balance (29%) 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 2021 of the non-ZAR denominated unlisted Portfolio Companies held at 30 June 2021 based on assumed changes to the US$:ZAR exchange rate (14.2725 at 30 June 2021).

		Group	Company	Group and Company
At 30 June 2021		Per share impact Rand	Rand	Fair value adjustment R'000
US$:ZAR Change %:	**US$:ZAR Implied rate:**			
+5.0	14.986	0.11	0.10	27,188
+10.0	15.700	0.21	0.20	54,376
-5.0	13.559	(0.11)	(0.10)	(27,188)
-10.0	12.845	(0.21)	(0.20)	(54,376)

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.

24.6.2 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.

24 Financial risk factors and instruments (continued)

24.6 Market risk (continued)

24.6.2 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 2021 of R40,796,000 was invested in cash and call accounts that earn interest at a variable rate and therefore no sensitivity in the fair value was performed at 30 June 2021.

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% respectively.

24.6.3 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 24.4.

The table below illustrates the sensitivity in the fair value of the unlisted investments held at 30 June 2021 based on fluctuations in the price of its unlisted investments.

	Group	Company	Group and Company
At 30 June 2021	**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
Change in equity prices assumed	0.71	0.67	182,734
+10%	(0.71)	(0.67)	(182,734)
-10%			

24 Financial risk factors and instruments (continued)

24.7 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, which are reputable counterparties.

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 19. 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 no balance was drawn at 30 June 2021.

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 2021	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	10,835	–	10,832
Income tax receivable	Low	–	903	–	903
Money market investments at fair value	Low	40,796	–	40,796	–
Cash and cash equivalents	Low	4,578	–	4,102	–
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	–

24 Financial risk factors and instruments (continued)

24.8 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 2021	**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	–	–	1,827,336	–	–	1,827,336
Other assets and receivables	10,835	–	–	10,832	–	–
Income tax receivable	–	903	–	–	903	–
Money market investments at fair value	40,796	–	–	40,796	–	–
Cash and cash equivalents	4,578	–	–	4,102	–	–
Borrowings	–	–	155,967	–	–	–
Other liabilities and payables	12,091	–	–	12,091	–	–
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	–	–

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 Directors believe the Group has adequate resources and/or options available to them to settle its obligations as and when they become due.

25 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 2021.

26 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:

Company	A Ordinary Shares 30 June 2021 Number	30 June 2021 %	30 June 2020 Number	30 June 2020 %
Direct beneficial				
Yvonne Stillhart	966,725	0.34	966,725	0.34
Indirect beneficial via associates				
Derek Prout-Jones[(1)]	7,945,964	2.76	7,945,964	2.76
Michael Pfaff[(1)]	11,417,270	3.97	11,417,270	3.97
	20,329,959	7.07	20,329,959	7.07

[(1)] *Including 6,750,000 shares held through Black Hawk that are pledged as security against a guarantee as set out in notes 9, 11 and 19.*

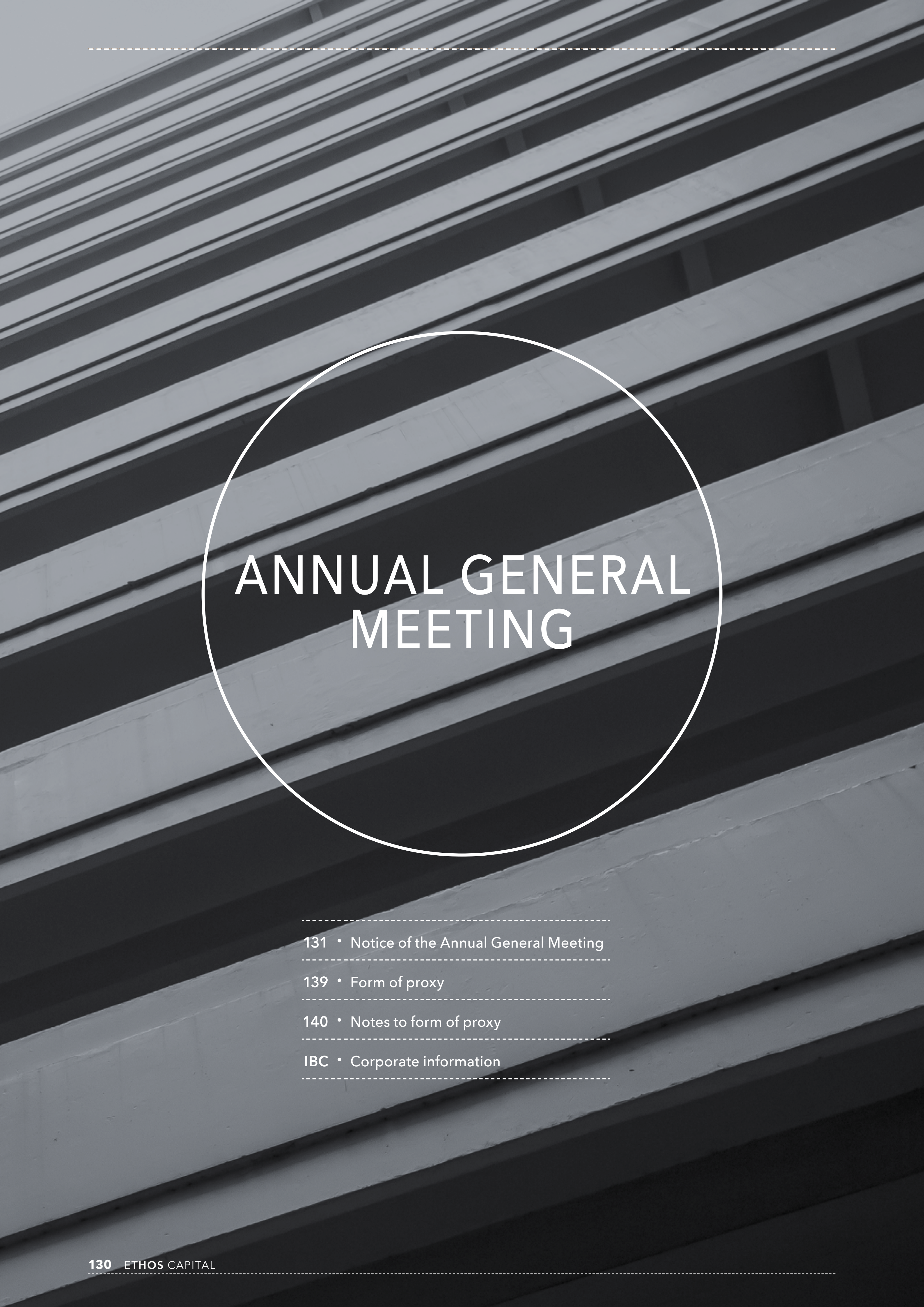
There have been no changes to the beneficial interests since 30 June 2021 to the approval date of these Annual Financial Statements.

27 Spread of shareholders

The shareholder spread and analysis of public and non-public shareholdings in the Company at 30 June 2021 are as follows:

Company	Number of shareholders 30 June 2021	% of shareholders 30 June 2021	Number of A Ordinary Shares 30 June 2021	% of total A Ordinary Shares 30 June 2021
Shareholder spread				
1 – 50,000 shares	1,146	82.33	8,643,418	3.01
50,001 – 500,000 shares	165	11.85	29,927,400	10.41
500,001 – 1,000,000 shares	32	2.30	22,821,655	7.94
1,000,001 – 5,000,000 shares	37	2.66	86,602,090	30.12
5,000,001 – 10,000,000 shares	5	0.36	36,895,575	12.83
More than 10,000,000 shares	7	0.50	102,609,862	35.69
	1,392	100.00	287,500,000	100.00

	Number of A Ordinary Shares 30 June 2021	% of total A Ordinary Shares 30 June 2021	Number of A Ordinary Shares 30 June 2020	% of total A Ordinary Shares 30 June 2020
Public shareholders	246,604,791	85.78	246,767,288	85.83
Non-public shareholders	40,895,209	14.22	40,732,712	14.17
Directors	20,329,959	7.07	20,329,959	7.07
Ethos and associates	20,565,250	7.15	20,402,753	7.10
	287,500,000	100.00	287,500,000	100.00
Shareholders with a shareholding of more than 5%:				
A Ordinary Shares				
Consolidated Retirement Fund	26,666,666	9.28	26,666,666	9.28
B Ordinary Shares				
EPE Trust	10,000	100	10,000	100



ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifth 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, 16 November 2021, 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 2021. 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 2021, 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 2021, as provided for by the Constitution.

2 Reappointment of the South African Auditor

Ordinary resolution number 2

"**Resolved that** the auditor, Deloitte & Touche South Africa, as the independent registered auditor of the Company, with Justin Dziruni 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 until the conclusion of the 2022 AGM, be respectively reappointed and appointed 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 & Touche 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 & Touche South Africa was confirmed to be untainted.

Justin Dziruni is a registered auditor and partner with Deloitte & Touche 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 & Touche South Africa and Justin Dziruni 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 & Touche South Africa, as the auditing firm of the Company, and appointment of Justin Dziruni, 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 & Touche Mauritius, as the independent registered auditor of the Company, with Vishal Agrawal as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its Mauritian matters until the conclusion of the 2022 AGM, be respectively reappointed and appointed 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 & Touche Mauritius was confirmed to be untainted.

Deloitte & Touche Mauritius and Vishal Agrawal 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 & Touche Mauritius, as the auditing firm of the Company, and appointment of Vishal Agrawal, 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 Mr Derek Prout-Jones, 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."

4.2 Ordinary resolution number 5

"Resolved that Mr Kevin Allagapen, 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 53 to 55 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, 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 4.1 above."

5.2 Ordinary resolution number 7

"Resolved that Mr Kevin Allagapen, who retires at the AGM and has made himself available for re-election, be re-elected as Chairperson of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4.2 above."

5.3 Ordinary resolution number 8

"Resolved that Mr Yuvraj Juwaheer be re-elected as a member of the Audit and Risk Committee."

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 53 to 55 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 2021 to 30 June 2022, as set out below, is hereby approved."

Directors' remuneration	Year to 30 June 2022
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 2021.

The Directors unanimously agreed to waive any consideration for an increase in their remuneration for the financial year ending 30 June 2022.

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 2021 until 30 June 2022.

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 62 and 63 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 June 2022 financial year (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 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, 12 November 2021.

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, 16 November 2021 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 139) and lodging this form with Computershare by no later than 14:00 on Friday, 12 November 2021 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, 8 October 2021.

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, 5 November 2021, 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, 2 November 2021.

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 16 November 2021

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, 16 November 2021, 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 2021, be hereby considered and approved and the Integrated Annual Report for the year ended 30 June 2021 be considered.			
2. RESOLVED THAT Deloitte & Touche South Africa be reappointed as independent auditor of the Company and Mr Justin Dziruni be appointed as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
3. RESOLVED THAT Deloitte & Touche Mauritius be reappointed as independent auditor of the Company and Mr Vishal Agrawal be appointed as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
4. RESOLVED TO re-elect Mr Derek Prout-Jones as Director.			
5. RESOLVED TO re-elect Mr Kevin Allagapen as Director.			
6. RESOLVED TO re-elect Mr Derek Prout-Jones as a member of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4 above.			
7. RESOLVED TO re-elect Mr Kevin Allagapen as a member and chairperson of the Audit and Risk Committee, subject to the approval of ordinary resolution number 5 above.			
8. RESOLVED TO re-elect Mr Yuvraj Juwaheer as a member of the Audit and Risk Committee.			
9. RESOLVED THAT the Directors' remuneration for the year ending 30 June 2022 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 2022 financial year (excluding treasury shares), be hereby approved.			

Dated this ____ day of _________________________________ 2021.

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, 12 November 2021. 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 & Touche
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Johannesburg
2090

Listing
JSE Ltd
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials – Closed End Investments

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

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