ETHOS CAPITAL

FINANCIAL RESULTS

for the six months ended 31 December 2021

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

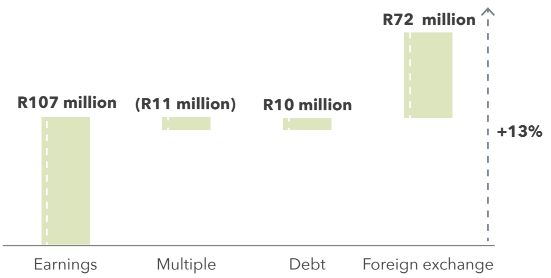
Further recovery and growth post the unprecedented global COVID pandemic and social unrest

R2.6 billion carrying value of invested capital and NAVPS of **R10.08** (Brait at NAVPS) and **R8.26** (Brait at share price)

R310 million net capital invested; new investment in Crossfin and participating in Brait exchangeable bonds

improvements in operating performance resulted in increased valuations

UNLISTED PORTFOLIO VALUATION MOVEMENTS



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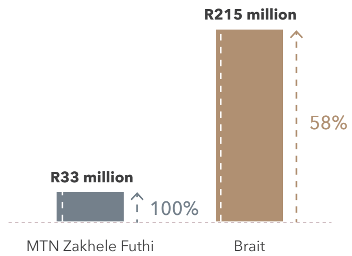
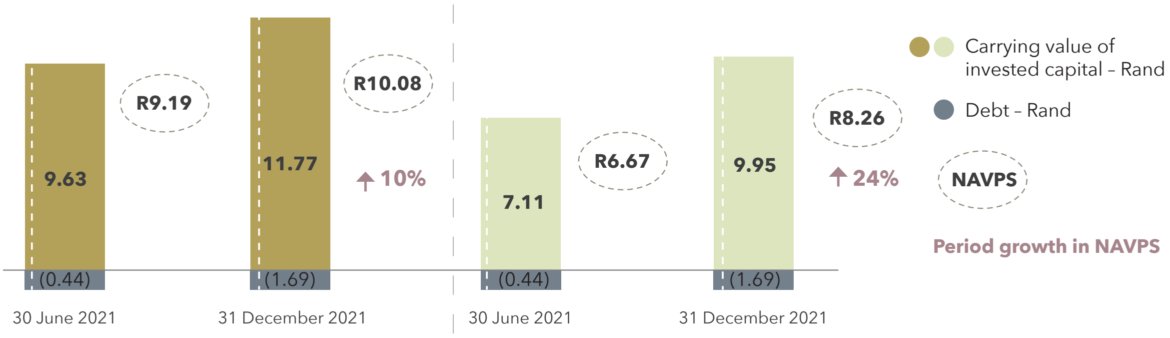
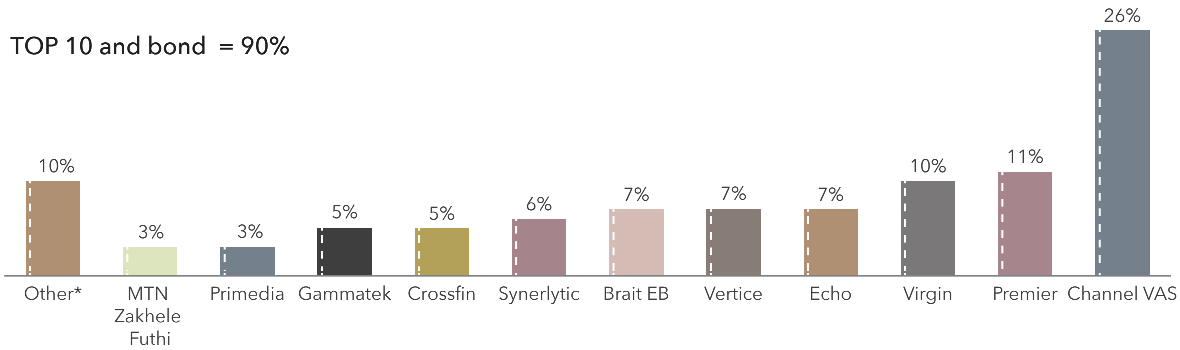


and increases in NAVPS



TOTAL ASSETS CONTRIBUTION – R2.6 BILLION

TOP 10 and bond = 90%



** Including 13 Portfolio Companies and current assets.*

RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2021

Introduction

EPE Capital Partners Ltd is an investment company, registered and incorporated in Mauritius as a public company. It is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders long-term capital appreciation by making commitments and investments into Funds or Co-Investments that are managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies"). The Group refers to the consolidated results of the Company and its deemed controlled entity.

The Group's performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS").

A. RESULTS ANNOUNCEMENT

Overview

The past six months has seen a continuation of the robust recovery Ethos Capital experienced in the second half of the financial year ended June 2021. Whilst the Omicron variant, and the social unrest in July 2021, caused significant disruption to various Portfolio Companies and impacted consumer sentiment, in the main the impact of the latest COVID wave has been less severe than previous waves.

Almost all the Portfolio Companies achieved strong growth in the past six months with some returning to above pre-COVID levels. The benefit of the cost-saving initiatives and improved operating leverage has manifested in stronger than expected recoveries although some remain adversely impacted by the effects of the crisis and the lower levels of consumer spend and sentiment. The improved operating performance has resulted in a very significant increase in the valuations of the majority of unlisted and listed assets.

The Ethos Capital NAVPS (including Brait at its NAVPS that increased by 3%) increased by c.10% from R9.19 to R10.08, largely driven by the unlisted portfolio. The portfolio achieved a 13% return over the period, driven by broad increases in valuations across most of the portfolio, including Channel VAS, Gammatek and TymeBank. Furthermore, the listed assets (Brait and MTN Zakhele Futhi) benefited from share price increases of 58% and 100% respectively. These all contributed to an increase in Ethos Capital's NAVPS (including Brait at its share price) of c.24% from R6.67 to R8.26 over the six months.

Total assets increased to R2.6 billion, resulting from the portfolio increases as well as net capital invested of R310 million during the period. This includes Ethos Capital's participation via the Ethos Funds in a new Fintech investment, Crossfin Technology Holdings (Pty) Ltd, and the Brait exchangeable bonds rights issue.

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 and exploring realisation opportunities, should result in strong investment returns in excess of the Company's cost of capital.

B. CHIEF EXECUTIVE OFFICER'S REVIEW

The benefit of the cost-saving initiatives and improved operating leverage has manifested in stronger than expected recoveries although some remain adversely impacted by the effects of the crisis and the lower levels of consumer spend and optimism.

Peter Hayward-Butt
Chief Executive Officer

Review of the six-month period

The past six months has seen a continuation of the robust recovery Ethos Capital experienced in the second half of the financial year to June 2021. While the Omicron variant caused significant disruption to various Portfolio Companies and impacted consumer sentiment, in the main the impact of the latest COVID wave has been less severe than previous waves. This demonstrates the resilience of the companies and their strategies which were forged over the past two years. Almost all the Portfolio Companies achieved strong growth in the past six months with some returning to above pre-COVID levels. The benefit of the cost-saving initiatives and improved operating leverage has manifested in stronger than expected recoveries although some remain adversely impacted by the effects of the crisis and the lower levels of consumer spend and optimism.

The South African economy appears to have rebounded faster than most commentators had forecast and the outlook across some key sectors remains relatively positive. The focus of most of Ethos Capital's Portfolio Companies has pivoted to finding ways to strengthen their market positions and extend their market reach across new products and geographies. 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.

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. For more information on the Ethos ESG initiatives, please see the Ethos website on https://ethos.co.za/our-ethos/

The past six months saw a significant improvement in operating performance with 88% of the unlisted Portfolio Companies by value delivering positive growth in underlying earnings before interest, tax, depreciation and amortisation ("EBITDA"). The improved operating performance has resulted in a very significant increase in the valuations of the majority of unlisted and listed assets.

Ethos Capital's unlisted portfolio achieved a 13% return over the six months, largely due to higher valuations broadly across the portfolio, including Channel VAS, Gammatek and TymeBank. The listed assets (Brait and MTN Zakhele Futhi) showed strong growth driven by share price increases of 58% and 100% respectively. This resulted in Ethos Capital's NAVPS (including Brait at its share price) increasing by c.24% from R6.67 to R8.26 over the six months. The Ethos Capital NAVPS (including Brait at its NAVPS) increased by c.10% from R9.19 to R10.08, with Brait's NAVPS increasing by 3% over the period.

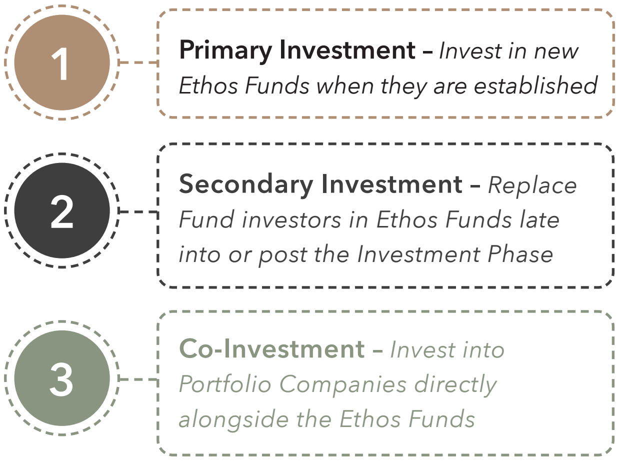
Ethos Capital had an active six months on the investment front through its participation via the Ethos Funds in a new Fintech investment, Crossfin Technology Holdings (Pty) Ltd ("Crossfin"), and the Brait exchangeable bonds rights issue. Including these and some further investments, R310 million was invested during the period that increased total assets to R2.6 billion.

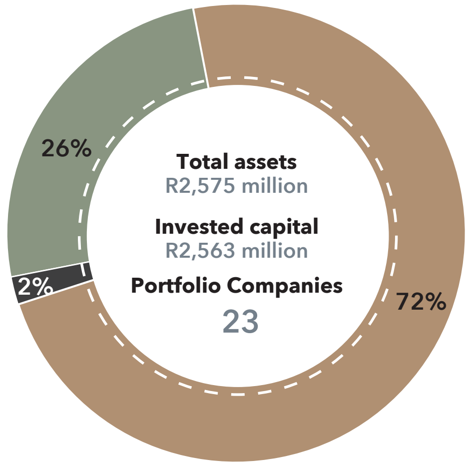
Despite the difficult operating environment, the benefit of active management in private markets has been demonstrated in the sector-leading growth of a number of the Portfolio Companies. Private equity as an asset class has outperformed the public markets over an extended period and Ethos is committed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

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





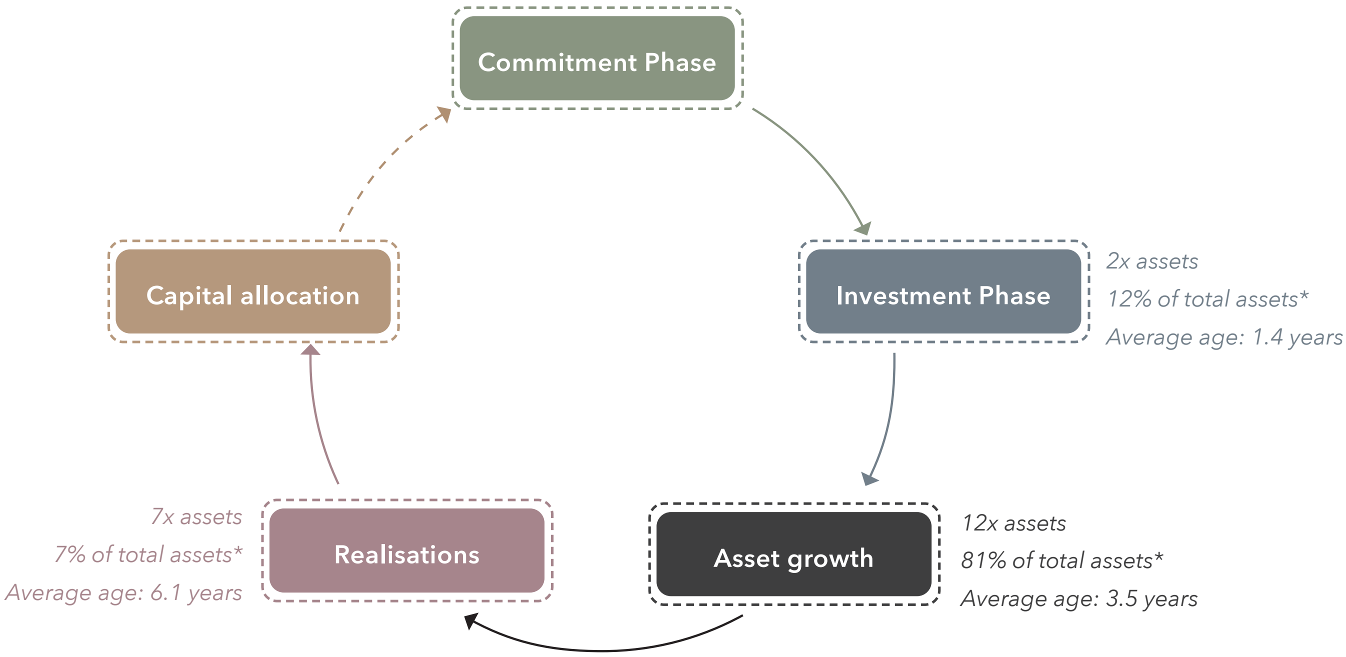
The Ethos Capital Board and Investment Committee are responsible for allocating capital across these three strategies based on, *inter alia*, the macroeconomic outlook, overall portfolio diversification, liquidity constraints, and prevailing market sentiment.

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 the Fund's investors.



* *Excluding Brait exchangeables bonds, Chibuku and Ster Kinekor*

Ethos has a long, successful track record. Since 1984, Ethos' 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 (31 investment professionals, including 19 investment partners);
- a world-class governance platform and investment process which leverages the experience of doing deals on the continent for 38 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 strongly from the depths of the COVID enforced lockdowns and also the social unrest in July 2021. Growth rates across key sectors have remained resilient as companies bounced back from the effects of COVID. 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 solid gross domestic product ("GDP") growth rates of some of the other countries in sub-Saharan Africa ("SSA") have provided a robust platform for growth in key sectors of these economies. While these 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.

Most of the Portfolio Companies posted strong recoveries from the effects of COVID with the largest five unlisted investments (equating to 51% of total assets) achieving growth in their aggregate attributable LTM revenue and EBITDA of 9% and 15% respectively in the past twelve months.

Investments

Ethos' investment offering provides Ethos Capital with access to the following underlying Fund markets: 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 multiple on invested capital ("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 31 December 2021, Ethos Capital had undrawn commitments of R13 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.R805 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 and most recently issued exchangeable bonds that EF VII participated in.

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 nine acquisitions, following the most recent investment into Crossfin.

Ethos Capital has undrawn commitments of R211 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; the Ethos Healthcare Platform in Vertice; African Rainbow Capital Limited into TymeBank; and EMMF I into Crossfin.

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. It has outstanding commitments of R49 million to the Fund at 31 December 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. Since the initial acquisition, a total of seven complementary medical software businesses were acquired. Ethos Capital has invested R124 million into the platform to date.

Valuations

Ethos values its Portfolio Companies based on prevailing market valuations of selected peer group companies. The market valuations have in general significantly rerated off their COVID lows and in many sectors, fully recovered. The strong performance of the Portfolio Companies has seen a bounce back in profitability in many cases to pre-COVID levels and the outlook for growth remains robust. However, Ethos has remained conservative in its approach to increasing multiples and the average discount to the peer group is 48% across the portfolio.

As at 31 December 2021, the implied EV/maintainable EBITDA of the unlisted portfolio that is valued on an earnings-based methodology, increased slightly to 7.5x and the implied price earnings ratio ("PER") is 12.4x.

Based on the Ethos Capital share price as at 31 December 2021, the equivalent "market-implied" EV/maintainable EBITDA and PER are 4.7x and 7.7x 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 31 December 2021, Ethos Capital had invested 100% of its total assets across a portfolio of 23 companies with a combined EBITDA of the unlisted portfolio of R3.1 billion. The Company has drawn R270 million of the R450 million committed debt facility.

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 1.6x.

Outlook

While COVID is likely to remain an issue for some time, the Funds have seen an increasing number of investment opportunities (new investments and bolt-on acquisitions) some of which they have concluded. Ethos has also made good progress on a number of disposals (Iceland, DGB, Waco International, Consol, Neopak and Eaton Towers) despite the difficult market conditions at valuations in excess of their prevailing Net Asset Values. This continues to be a focus for the Funds in 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 capital.

The Board believes that given the liquidity outlook and the prevailing share price discount to the NAVPS, the current strategy is not make any new Fund commitments (for new investments) until the underlying Funds' realisation strategies and distributions to shareholders have been demonstrated.

Peter Hayward-Butt
Chief Executive Officer

C. REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

Performance

NAV and NAVPS

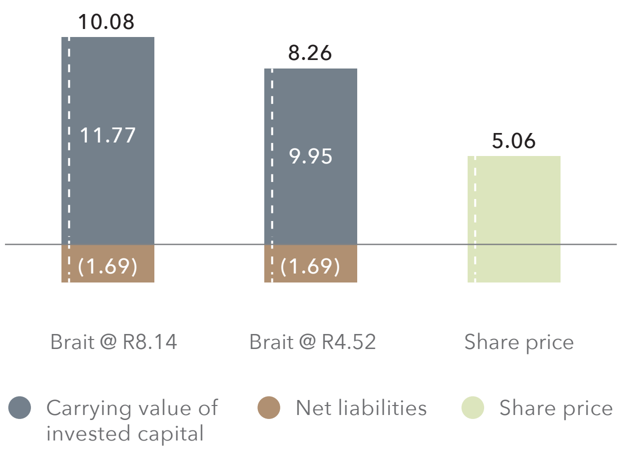
As an investment company, the performance of the NAV and NAVPS is considered the most appropriate measurement of the Group's financial performance. The NAVPS is derived from the underlying NAV of the Group, consisting of the aggregate of invested capital and net cash/assets or liabilities, and the number 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 30 September 2021), increased by c.10% over the six months from R9.19 (at 30 June 2021) to R10.08 at 31 December 2021. This was driven by a 13% return achieved on the unlisted portfolio, resulting from positive contributions across the portfolio with Channel VAS, Gammatek and TymeBank the largest contributors. In the listed portfolio, Brait's NAVPS increased marginally from R7.90 to R8.14 (31 March 2021 to 30 September 2021), with the investment in MTN Zakhele Futhi doubling in value over the period.

The corresponding 31 December 2021 Group NAVPS, based on the 31 December 2021 Brait share price, increased by 24% over the period to R8.26 (30 June 2021: R6.67). The Brait ordinary share price increased by 58% from R2.86 (30 June 2021) to R4.52 over the period, reducing the discount to its NAVPS to 44%.

The Group's share price at 31 December 2021 was R5.06.

GROUP NAVPS AND SHARE PRICE
AT 31 DECEMBER 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 2021	1,716,390	6.67
Net return on Temporary Investments	544	–
Net return on investment portfolio	443,612	1.72
Operating expenses	(4,452)	(0.02)
Finance costs	(10,471)	(0.04)
Fees paid to Ethos	(13,953)	(0.05)
Taxation	(3,487)	(0.02)
At 31 December 2021 (with Brait at share price)	**2,128,183**	**8.26**
Incremental Brait increase to NAVPS	467,408	1.82
At 31 December 2021 (with Brait at NAVPS)	**2,595,591**	**10.08**

The investment portfolio achieved a net gain (net of Fund expenses) of R443.6 million during the six-month period, resulting from realised and unrealised gains on the unlisted portfolio of R198.1 million, unrealised gains on the listed portfolio of R247.6 million, driven by movements in the Brait and MTN Zakhele Futhi share prices. These movements are detailed further in the report.

Operating expenses totalled R4.5 million or 0.2% of the Group's average NAV over the period. These expenses relate to Directors' remuneration (R2.2 million), auditor's remuneration, company secretary 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 R14.0 million, equating to 0.7% of the Group's average NAV over the six months. No fees are payable on the Company's investments in Brait and the Co-investment in Channel VAS.

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 towards the latter part of the period, and commitment fees levied on the latter.

Taxation of R3.5 million was as a result of withholding tax (R1.8 million) from income distributions received during the period, largely from Channel VAS, and the Mauritian income tax expense provision for the period.

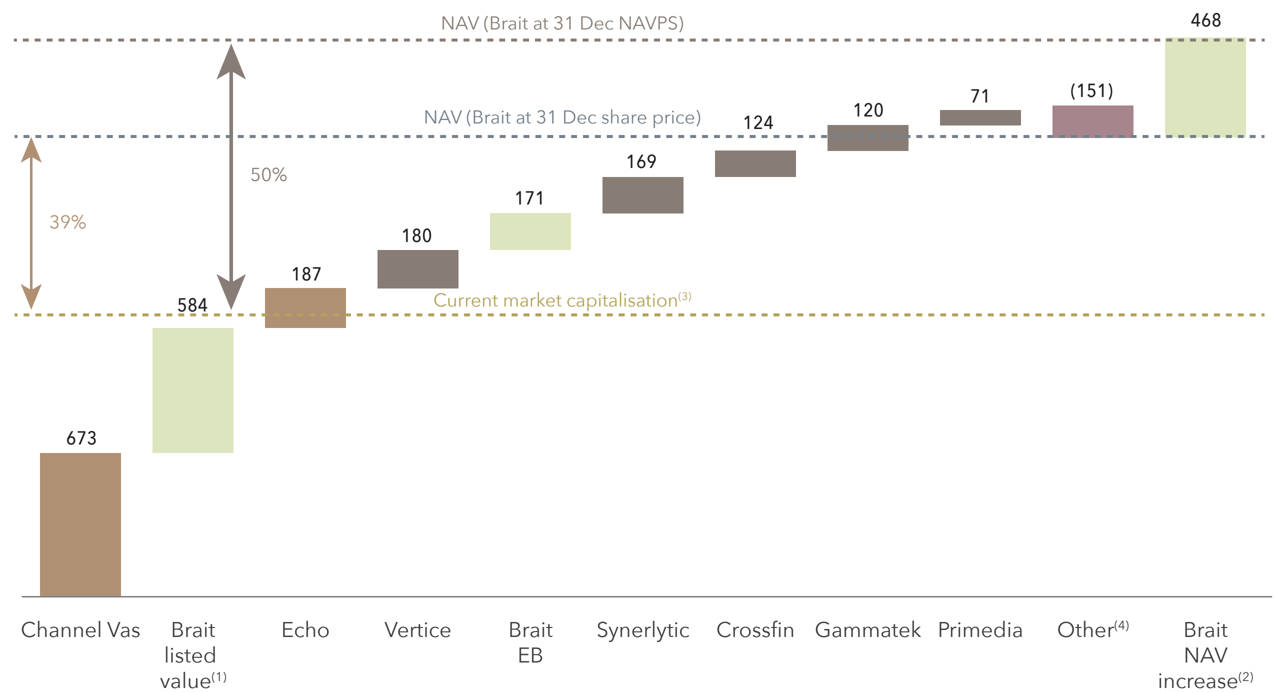
Further details on expenses are provided in notes 8 and 11 of the Notes to the Summarised Interim Financial Statements.

Share price analysis

The Ethos Capital share price ended the period at R5.06, an increase of 27% over the period. The share price represented a 39% discount to the Group's 31 December 2021 NAVPS, and 50% compared to the NAVPS reflecting the Brait investment at its last reported NAVPS.

The Group's market capitalisation as at 31 December 2021 of R1.3 billion represents 104% of the NAV of the top two investments – Channel VAS and the Brait ordinary shares (at the share price).

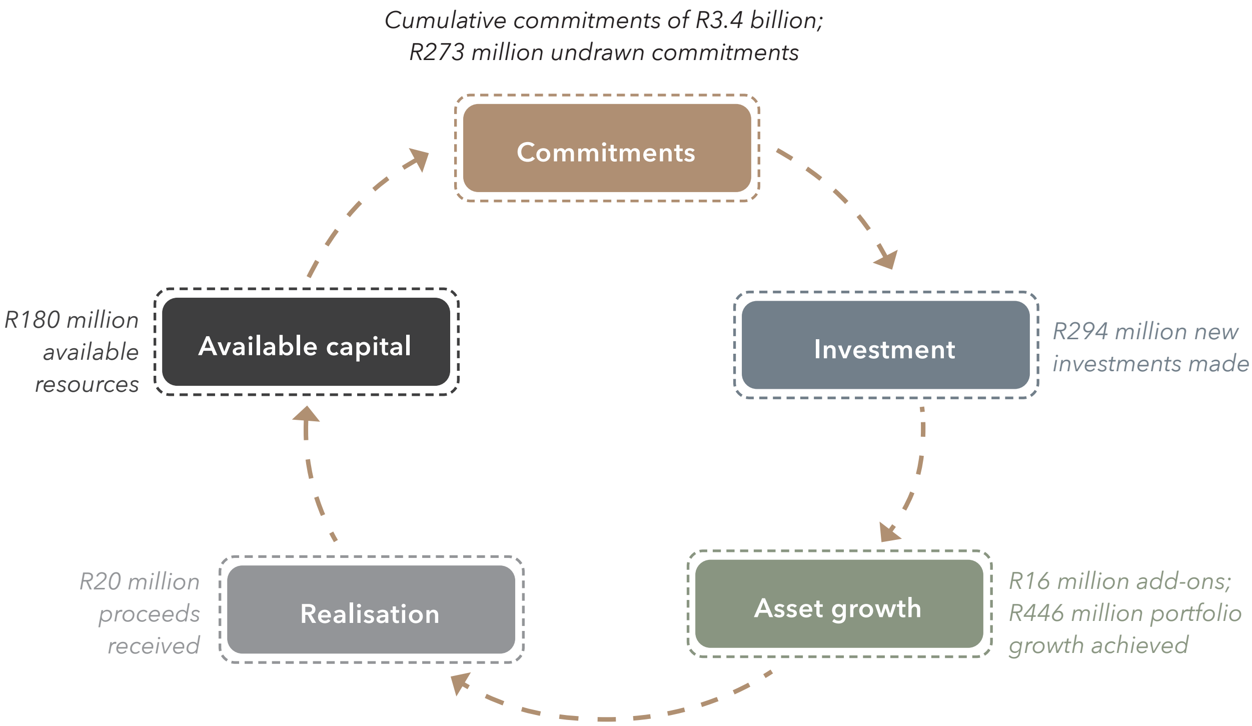
ATTRIBUTABLE NAV (Brait at 31 December NAVPS) – R'million



(1) Brait listed share price as at 31 December 2021 of R4.52.
(2) Brait NAVPS as at 30 September 2021 of R8.14.
(3) Ethos Capital share price as at 31 December 2021 of R5.06.
(4) Including 12 other investments less debt.

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 Ethos 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

Ethos Capital increased its commitments to Ethos Funds by R170 million during the period, to facilitate a further Co-Investment into Brait, with cumulative commitments to Ethos Funds increasing to R3.4 billion at 31 December 2021, of which less than R0.3 billion were undrawn as detailed below.

Name	Vintage	Share of Ethos investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38 – 40	950,000	211,105
EAiF I	2018	20	150,000	49,090
EF VI[1]	2011	1 – 2	150,019	12,649
				272,844

(1) *US$10 million original commitment.*

Investments

Investment portfolio

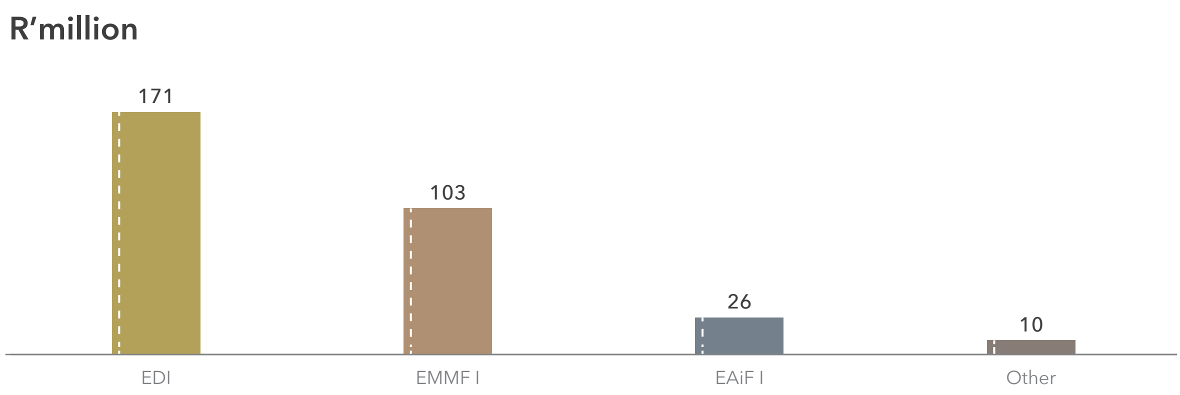
At 31 December 2021, the investment portfolio of the Company consisted of the following investments, which amounted to c.100% of the total assets:

Investment name	Participation in Ethos Funds/ Co-Investments %	Cost R'000	Valuation R'000	Share of total assets %
Primary/Secondary Investments				
EF VII	61	804,587	907,532	35.2
EMMF I	38	700,444	603,771	23.4
EAiF I	20	101,077	164,191	6.4
EHP	13	96,153	140,822	5.5
EF VI	<2	94,236	62,547	2.4
EMP 3	n/a	18,115	10,613	0.4
Co-Investments				
Brait[(1)]	6	771,229	510,324	19.8
Channel Vas[(1)]	1	37,233	76,736	3.0
Primedia[(2)]	4	144,247	66,975	2.6
Kevro[(3)]	9	110,891	19,443	0.8
Ster Kinekor[(4)]	4	22,157	–	–
Total invested capital		**2,900,369**	**2,562,954**	**99.5**

[(1)] Investment in Ethos Direct Investment Partnership ("EDI"), that co-invested in Brait SE and Channel VAS Investments Ltd BVI.
[(2)] Investment in Primedia Group (Pty) Ltd.
[(3)] Investment in Kevro Holdings (Pty) Ltd, held through EMMF D.
[(4)] Investment in Ster Kinekor Theatres (Pty) Ltd.

Ethos Capital invested R431.0 million during the period into Ethos Funds – more details on the underlying investments are provided on the following page. The R120.6 million EF VII investment in the Brait exchangeable bonds was funded directly by the Fund via a revolving credit facility resulting in no direct funding being required by the Company.

Details of the capital drawdowns by Fund are provided below:



Underlying Portfolio Companies

The Ethos Funds invest in a pool of unlisted Portfolio Companies which provides the Company with a diversified portfolio of underlying investments. Ethos Capital participated in two new investments during the period, and some further investments into existing Portfolio Companies as detailed below.

In November 2021, EMMF I completed its ninth investment into Crossfin Technology Holdings (Pty) Ltd ("Crossfin"). Crossfin is a leading independent fintech platform that operates a highly differentiated business model based on investing and supporting an ecosystem of synergetic and complementary fintech businesses at different stages of maturity which has allowed the platform to consistency achieve robust top line and earnings growth. EMMF I led the transaction which consist of a consortium of other investors including, co-investors of EMMF I, EAiF I, and African Rainbow Capital Limited. The transaction was valued at R1.5 billion and includes a combination of the acquisition cost and growth capital for the business to position it for the next phase of its growth. Ethos Capital invested R123.7 million via its existing commitments in EMMF I and EAiF I.

Also in November 2021, Brait announced a rights offer to its shareholders to subscribe for up to R3.0 billion of exchangeable bonds. The exchangeable bonds, listed on the JSE and with a 5% coupon, may be exchanged for ordinary shares at any time from 31 January 2022 until December 2024 at an exchange price of R4.37. Ethos Capital participated in the rights offer and invested R170.7 million and R120.6 respectively through an additional commitment into EDI and the existing commitment in EF VII, the latter funded by EF VII itself through a revolving credit facility as noted earlier in the report.

The Ethos Funds made a further investment into Echo during September 2021 to fund the remainder of the expansionary capital expenditure and working capital as committed at the time of the original investment in October 2019. Ethos Capital invested R12.7 million via its investments in EMMF I and EF VII.

Also in September 2021, the Ethos Funds acquired a minority stake in Vertice from one of the founders. Through its investment in EF VI, EAiF I and EHP, Ethos Capital invested R3.4 million in the acquisition.

At 31 December 2021, the underlying investments consisted of the following 23 Portfolio Companies and the Brait exchangeable bonds investment:

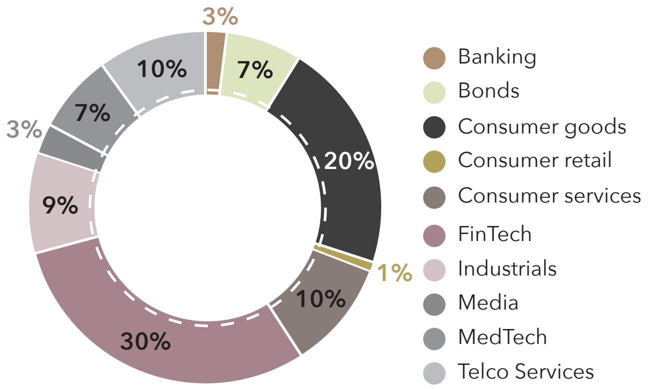
Name	Business description	Year*	% of total assets	Cumulative % of total assets
Channel Vas	FinTech service provider	2018	26.1	26.1
Premier (Brait)	FMCG manufacturer	2020	10.9	37.0
Virgin Active (Brait)	Health club operator	2020	10.4	47.4
Echo	Corporate ISP	2018	7.3	54.7
Vertice	MedTech	2018	7.0	61.7
Brait EB	Exchangeable bonds	2021	6.6	68.3
Synerlytic	Specialised analytical and testing services	2019	6.5	74.8
Crossfin	FinTech group	2021	4.8	79.6
Gammatek	TMT accessory distribution	2018	4.7	84.3
Primedia	Media	2017	2.8	87.1
MTN Zakhele Futhi	Telecommunications	2017	2.6	89.7
TymeBank	Banking	2019	2.4	92.1
Autozone	Automotive parts retailer & wholesaler	2014	1.5	93.6
Kevro	Corporate clothing and gifting	2017	1.4	95.0
Eazi Access	Industrial support services	2016	1.0	96.0
New Look (Brait)	Multi-channel fast-fashion brand	2020	0.9	96.9
The Beverage Company	Carbonated drinks manufacturer	2017	0.7	97.6
Consol Glass (Brait)	Multi-channel fast-fashion brand	2020	0.5	98.1
Chibuku	Brewing and distribution	2018	0.4	98.5
Neopak	Paper and packaging	2015	0.3	98.8
RTT	Logistics	2014	0.3	99.1
Waco International	Industrial support services	2012	0.2	99.3
Twinsaver	Manufacturing (FMCG)	2015	0.2	99.5
Ster Kinekor	Media (entertainment)	2017	–	99.5
			99.5	

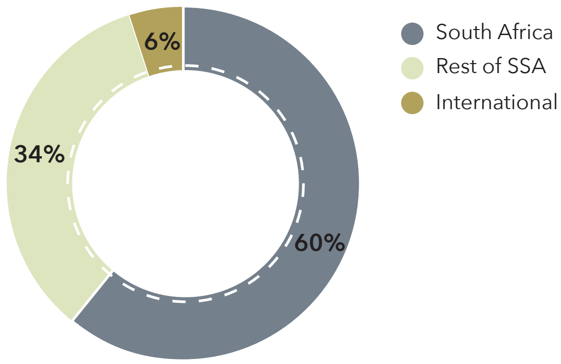
** Initial acquisition date by Ethos Fund.*

Asset growth

Portfolio Company performance

Ethos Capital's investment portfolio at 31 December 2021 has exposure to 23 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of just under R24.6 billion and EBITDA of R3.1 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.

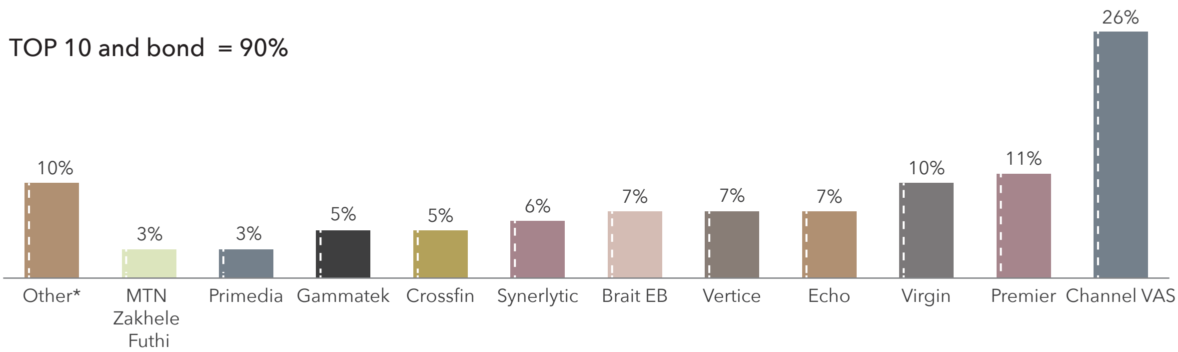




At 31 December 2021, the contribution of each underlying Portfolio Company to the total assets of R2.6 billion, of which the top 10 Portfolio Companies and bond investment make up 90% of the total assets, was as per the below. Despite a previous partial realisation of the Channel VAS investment, it is still a materially outsized asset in the portfolio at 26% of the total asset value. This is due to the Company's strong performance and resultant valuation growth, as evidenced by its 11% share of the total assets at current cost. The aggregate Brait portfolio increased to 30% of total assets over the period, following the investment in the exchangeable bonds.

TOTAL ASSETS CONTRIBUTION – R2.6 BILLION

TOP 10 and bond = 90%



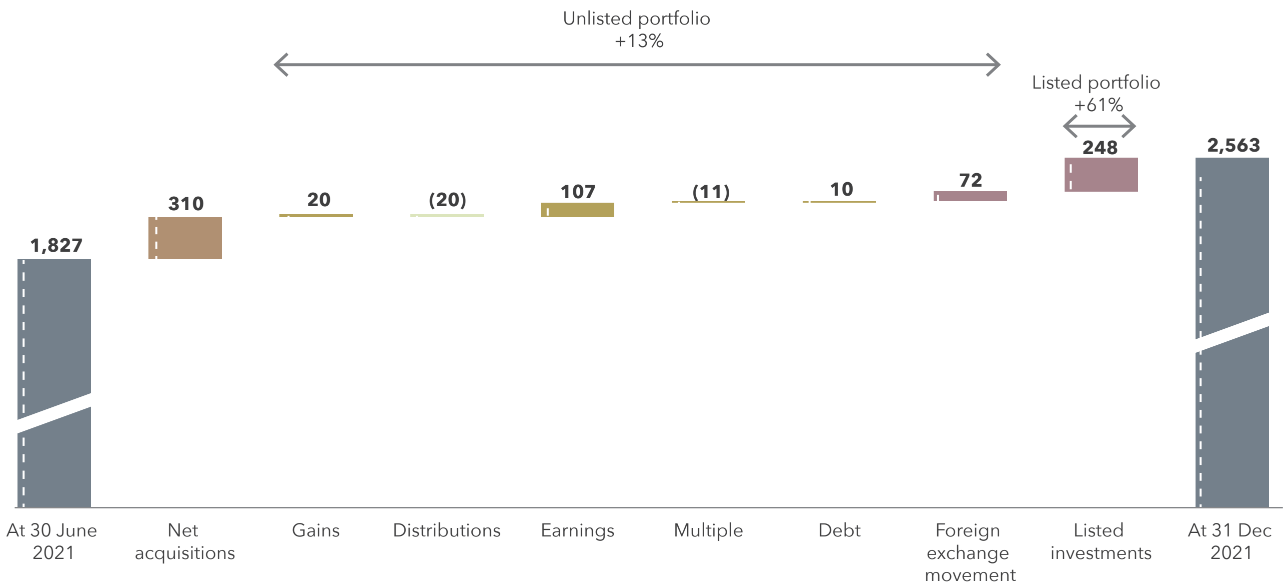
** Including 13 Portfolio Companies and current assets.*

While the emergence of the Omicron variant in November 2021 impacted a number of the Ethos Capital Portfolio Companies, the impact was not as severe as in earlier waves. Overall, the unlisted portfolio showed a very strong rebound during the period which has reflected in higher valuations broadly across the portfolio. The benefits of the robust operational strategies that have been implemented and the operational leverage in the businesses has resulted in strong operational performances, in many cases significantly ahead of management forecasts.

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

- dividends received and realised gains (above the 30 June 2021 carrying value) of R20.0 million;
- an increase in attributable maintainable EBITDA resulting in a value increase of R106.7 million;
- changes in the underlying valuation multiples of the Portfolio Companies resulting in a value decrease of R11.1 million;
- a decrease in sustainable net debt accounting for a R10.3 million appreciation; and
- a 12% strengthening of the US$ against the ZAR contributed to a value increase of R72.3 million.

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



Channel VAS has continued its strong growth across both its mature and newer geographies, sustaining its growth in airtime credit services advances and US$ revenue. Earnings benefited from the growth in advances, higher service penetration levels and a combination of tight cost control and best-in-class default management. The business was largely unaffected by COVID, although foreign exchange weakness in some key territories had an impact and new deployments continued to be affected by COVID travel restrictions. The mobile financial services demonstrated further traction and has outperformed the budget to date.

The valuation of Echo remained largely unchanged over the period. While the South African business grew its revenue, the international business continued to be negatively impacted by long sales cycles and slow conversion of its pipeline. Similarly, the valuation of Vertice was flat over the period, where the COVID-impacted slowdown and restrictions on elective procedures impacted its performance. While hospital capacity has increased over the past few months, the activity levels remained below expectations.

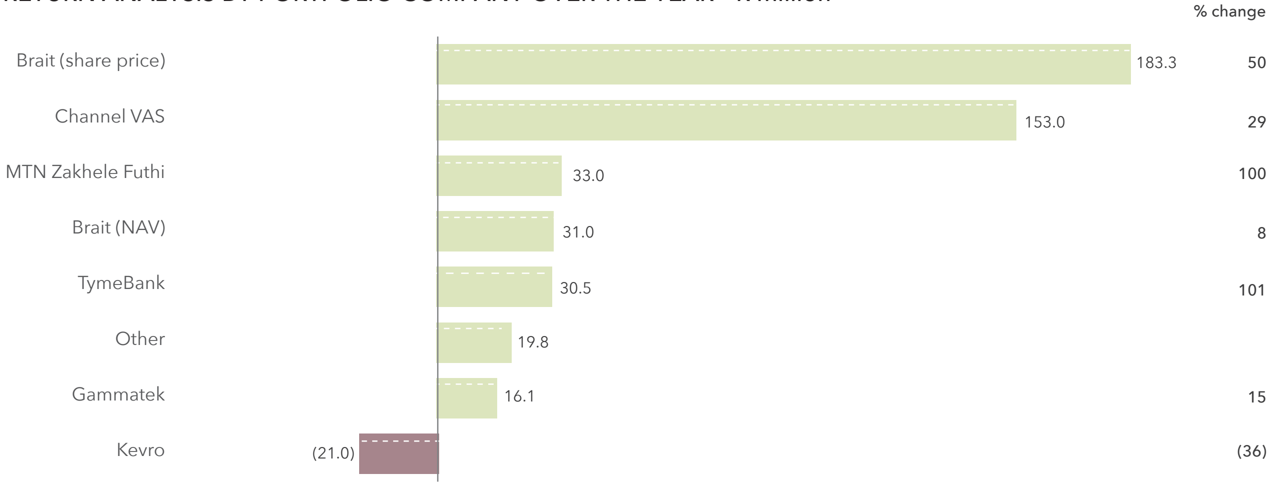
Synerlytic, also delivering a flat valuation over the period, has continued to be impacted by COVID (restrictions resulting for instance in delayed access to sites and reduced volumes) and the recovery of its activities to pre-COVID levels is taking longer than expected, especially in the WearCheck division.

Despite the challenging environment created by COVID-restrictions, global supply chain delays and the July 2021 civil unrest, Gammatek continued to trade well with double-digit increases in revenue and earnings. Performance has been driven by ongoing increases to Gammatek's market share, achieved through new channels, expanding its brand and product portfolio, and the cell phone accessories market that benefited from an increased demand for digital connectivity and manufacturers that reduced their "in-box" accessories that previously came with new devices.

TymeBank concluded a US$ 180 million capital raising to fund the continued growth of the business, by raising US$ 70 million from a consortium, including Tencent and CDC Group. This follows the US$ 100 million raised in June 2021 from a consortium which included Apis Growth Fund II and JG Summit Holdings. Both capital raisings were done at a significant premium to the EAiF I in-price and latest carrying value, resulting in a significant revaluation of TymeBank at 31 December 2021.

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

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



The Brait NAVPS increased by 3% between March 2021 and September 2021, largely driven by ongoing strong operational performance within Premier. As noted earlier, Brait's share price increased by 58% over the six-month period ended 31 December 2021, with the share price of MTN Zakhele Futhi increasing by 100% over the corresponding period, collectively contributing significantly to Ethos Capital's NAV increase over the period.

Over the LTM the unlisted portfolio's attributable sales and EBITDA increased in aggregate by 11.6% and 54.0% respectively, largely driven by the strong performance from the top five unlisted investments, consisting of Channel VAS, Echo, Vertice, Synerlytic and Crossfin (51% of total assets). These five investments continued their strong performance and grew their attributable sales and EBITDA (in aggregate) by 9.4% and 15.2% respectively, despite the tough economic conditions.

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 16 of the Notes to the Summarised Interim Financial Statements.

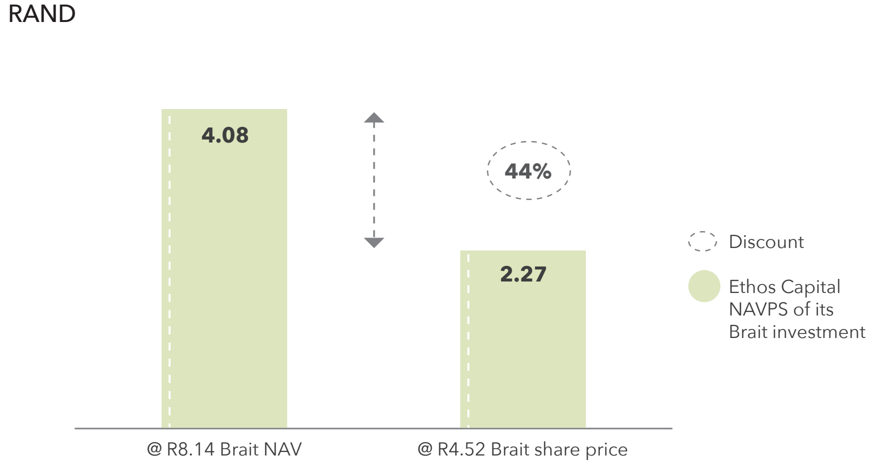
For the majority of the underlying Portfolio Companies the key valuation inputs are the earnings (e.g EBITDA) of a Portfolio Company and the relevant multiple that is then applied to these earnings to determine the EV. Net debt/cash is then subtracted/added to the EV to determine the equity value. The 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 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 funding raised; and the valuation of the investments in Brait (ordinary shares and exchangeable bonds) and MTN Zakhele Futhi is based on their respective share prices at 31 December 2021.

Listed portfolio

The investment in Brait ordinary shares is based on the prevailing share price at 31 December 2021 of R4.52 (31 December 2021: R2.86). The last reported Brait NAVPS, which is based on the above earnings-based valuation methodology, was R8.14 (as at 30 September 2021), resulting in a Brait share price discount to NAVPS of 44%.

The graph below sets out for Ethos Capital, its attributable NAVPS of the Brait ordinary shares investment and implied EV/EBITDA valuation multiple based on the Brait reported NAVPS of R8.14 and the Brait share price of R4.52.



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 31 December 2021 of R31.00 (30 June 2021: R15.50) per share. On a look-through basis, based on the MTN Group's last reported EBITDA and taking into account its debt levels as well as MTN Zakhele Futhi's debt, the share price implies an EV/EBITDA multiple of 3.7x.

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 31 December 2021 was R285.0 million and its attributable share of the maintainable net debt was R456.9 million, equating to a net debt/EBITDA multiple of 1.6x (30 June 2021: 1.9x). Unlisted 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 7.5x, the EV of the Company's participation in the underlying Portfolio Companies is c.R2.1 billion. The attributable net debt is subtracted to result in a net equity value of c.R1.7 billion, as set out below.

The implied EV/EBITDA multiple of 7.5x represents a 48% (30 June 2021: 47%) discount to the average EV/EBITDA multiple for the comparable peer groups of 14.4x. This discount applied to the peer group multiples represents the relevant discounts applied for, *inter alia*, liquidity, jurisdictional discount, risks and growth outlook.

	31 December 2021 R'million	30 June 2021 R'million
Attributable EBITDA	285.0	257.3
Implied valuation multiple	7.47x	7.30x
Attributable EV	**2,128.0**	**1,877.5**
Less: Attributable debt	(456.9)	(489.6)
Attributable debt multiple	1.6x	1.9x
Attributable equity value	**1,671.1**	**1,387.9**
Add: Other equity investments	891.9	439.4
Total investments	**2,563.0**	**1,827.3**
Carrying value of invested capital per share (Rand)	**9.95**	**7.11**

Based on the Company's share price of R5.06 as at 31 December 2021, and assuming that no market discount is applied to quoted investments and debt, the market implied EV/EBITDA was 4.7x and the EV/EBIAT was 7.8x.

	Share price based 31 December 2021 R'million	NAV based 31 December 2021 R'million
Attributable EBITDA	285.0	285.0
Implied valuation multiple	4.65x	7.47x
Implied multiple discount	38%	
Attributable EV	**1,326.0**	**2,128.0**
Less: Attributable debt	(456.9)	(456.9)
Attributable debt multiple	1.6x	1.6x
Attributable equity value	**869.1**	**1,671.1**
Add: Other equity investments	869.0	891.9
Total implied/actual investments	**1,738.1**	**2,563.0**
Carrying value of invested capital per share (Rand)	6.75	9.95
Debt (Rand)	(1.69)	(1.69)
NAVPS (Rand)	**5.06**	**8.26**
Invested capital discount	32%	

Realisations

During the period to 31 December 2021, total distributions of R20.5 million were received from the various Ethos Funds.

Quarterly dividends totalling R16.9 million, attributed to the underlying investment in Channel VAS, were received from Ethos Capital's investments in EF VII, EDI and EAiF I.

Waco, an EF VI investment, made further distributions following the disposal in the prior year of its UK business (Premier Modular), resulting in a further return of capital to Ethos Capital during the period. In addition, EF VII and EDI participated as underwriters in the Brait rights offer and received a fee of R2.9 million

In November 2021, Brait announced that the shareholders (including Brait) of Consol Glass had entered in a sale agreement to sell the company to Ardagh Group S.A. for an equity value of R10.1 billion, of which Brait will receive proceeds of R400 million at completion. This represented a 37% premium to the audited 31 March 2021 valuation of Consol Glass, and a 16% premium to the 30 September 2021 carrying value. Brait will use the proceeds to partially repay its bank debt. The sale is subject to certain conditions, including regulatory approvals, and is expected to complete by the second quarter of 2022.

Ethos announced in December 2021 that they have agreed the sale of Neopak, an EF VI investment, to the Corruseal Group. The transaction is subject to a number of regulatory conditions, including Competition Commission approval. The expected return on the investment represents 1.9x MOIC for EF VI; Ethos Capital acquired this investment via a Secondary Investment after the initial EF VI acquisition date, and is expected to achieve a return of 1.6x MOIC and receive proceeds of c.R8.7 million at completion.

Available capital

Liquid resources and balance sheet management

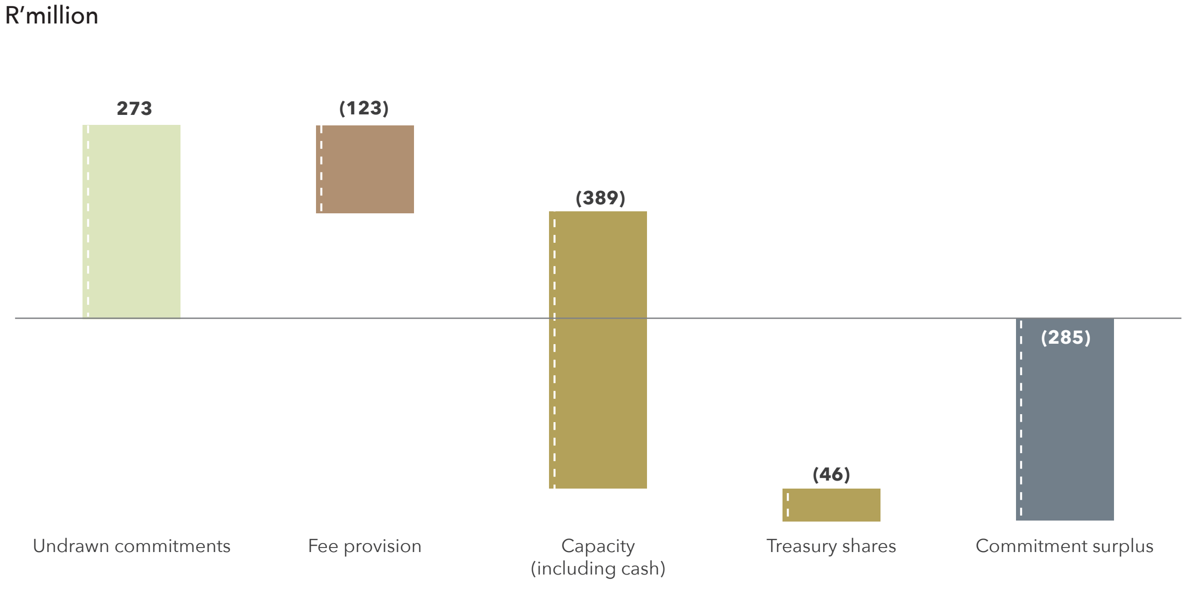
Ethos Capital has access to a R700 million five-year revolving credit facility with RMB, of which R450 million has been committed and the balance uncommitted and subject to lender credit process if further drawdowns are required.

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 are adjusted to reflect the fees that Fund limited partners (other than Ethos Capital) will pay over the life of the Fund and to allow for a contingency reserve for existing investments, to reflect the actual net commitment exposure that Ethos Capital has to the respective Funds. The Company can draw on its debt facilities to fund any further commitments drawn. Based on the current covenant levels, the Company has capacity to draw R389 million of the debt facilities. This implies a net implied commitment surplus of R285 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.

INTERIM FINANCIAL STATEMENTS

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		Group			Company		
		Unaudited		Audited	Unaudited		Audited
	Notes	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Assets							
Non-current assets							
Unlisted investments at fair value	4	2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336
Total non-current assets		2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336
Current assets							
Other assets and receivables		5,493	4,645	10,835	5,491	4,643	10,832
Income tax receivable		242	417	903	242	417	903
Money market investments at fair value	5	–	50,008	40,796	–	50,008	40,796
Cash and cash equivalents		6,165	12,116	4,578	5,686	11,617	4,102
Total current assets		11,900	67,186	57,112	11,419	66,685	56,633
Total assets		2,574,854	1,871,469	1,884,448	2,574,373	1,870,968	1,883,969
Equity and liabilities							
Capital and reserves							
Issued capital	6	2,291,272	2,291,272	2,291,272	2,426,272	2,426,272	2,426,272
Accumulated losses		(163,089)	(577,672)	(574,882)	(136,704)	(562,831)	(554,394)
Total equity		2,128,183	1,713,600	1,716,390	2,289,568	1,863,441	1,871,878
Non-current liabilities							
Borrowings	7	431,866	150,341	155,967	270,000	–	–
Total non-current liabilities		431,866	150,341	155,967	270,000	–	–
Current liabilities							
Other liabilities and payables		14,805	7,528	12,091	14,805	7,527	12,091
Total current liabilities		14,805	7,528	12,091	14,805	7,527	12,091
Total equity and liabilities		2,574,854	1,871,469	1,884,448	2,574,373	1,870,968	1,883,969
Net asset value		2,128,183	1,713,600	1,716,390	2,289,568	1,863,441	1,871,878
Basic net asset value per share (Rand)	14.2	8.26	6.65	6.67	8.45	6.88	6.91
Attributable shares in issue at end of the period/year ('000)	14.2	257,500	257,500	257,500	271,000	271,000	271,000

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

		Group			Company		
		Unaudited		Audited	Unaudited		Audited
	Notes	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Revenue							
Changes in fair value of investments through profit or loss	8	429,678	15,847	31,510	429,678	15,847	31,510
Investment income	9	554	143	1,023	550	130	1,017
Net fair value gains/(losses)	10	8	2	(3)	8	2	(3)
Total revenue		430,240	15,992	32,530	430,236	15,979	32,524
Expenses							
Administration fees	11.1	(37)	(19)	(88)	(37)	(19)	(88)
Legal and consultancy fees		(304)	(227)	(542)	(304)	(227)	(542)
Other operating expenses	11.2	(4,148)	(3,620)	(7,642)	(4,146)	(3,616)	(7,624)
Finance costs	11.3	(10,471)	(7,701)	(14,639)	(4,572)	(2,309)	(3,621)
Total expenses		(14,960)	(11,567)	(22,911)	(9,059)	(6,171)	(11,875)
Profit before tax		415,280	4,425	9,619	421,177	9,808	20,649
Income tax expense		(3,487)	(2,575)	(4,979)	(3,487)	(2,575)	(4,979)
Profit for the period/year		411,793	1,850	4,640	417,690	7,233	15,670
Other comprehensive income for the period/year		–	–	–	–	–	–
Total comprehensive income for the period/year		411,793	1,850	4,640	417,690	7,233	15,670
Earnings per share							
Basic and diluted earnings per share (Rand)	14.1	1.60	0.01	0.02	1.54	0.03	0.06

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

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Group			Company		
	Unaudited Six months ended 31 December 2021			Unaudited Six months ended 31 December 2021		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	Issued capital R'000	Accumulated losses R'000	Total equity R'000
Balance at 1 July 2021	2,291,272	(574,882)	1,716,390	2,426,272	(554,394)	1,871,878
Total comprehensive income for the period	–	411,793	411,793	–	417,690	417,690
Balance at 31 December 2021	2,291,272	(163,089)	2,128,183	2,426,272	(136,704)	2,289,568

	Group			Company		
	Unaudited Six months ended 31 December 2020			Unaudited Six months ended 31 December 2020		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	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	2,426,272	(570,064)	1,856,208
Total comprehensive income for the period	–	1,850	1,850	–	7,233	7,233
Balance at 31 December 2020	2,291,272	(577,672)	1,713,600	2,426,272	(562,831)	1,863,441

	Group			Company		
	Audited Year ended 30 June 2021			Audited Year ended 30 June 2021		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	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	2,426,272	(570,064)	1,856,208
Total comprehensive income for the year	–	4,640	4,640	–	15,670	15,670
Balance at 30 June 2021	2,291,272	(574,882)	1,716,390	2,426,272	(554,394)	1,871,878

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

		Group			Company		
		Unaudited		Audited	Unaudited		Audited
	Notes	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Cash flows from operating activities:							
Cash generated by/(used in) operations	13	6,480	(4,642)	(10,675)	6,481	(4,639)	(10,656)
Interest income from cash and bank balances	9	65	138	493	61	125	487
Finance costs paid		(4,572)	(2,309)	(3,621)	(4,572)	(2,309)	(3,621)
Income tax paid		(2,826)	(2,370)	(5,260)	(2,826)	(2,370)	(5,260)
Net cash used in operating activities before investment activities		(853)	(9,183)	(19,063)	(856)	(9,193)	(19,050)
Cash flows from investment activities							
Net cash flow from non-current investments		(308,853)	103,307	95,917	(308,853)	103,307	95,917
Payments to acquire non-current investments		(310,403)	(9,804)	(28,517)	(310,403)	(9,804)	(28,517)
Proceeds on disposal of non-current investments		484	104,926	106,812	484	104,926	106,812
Interest received from non-current investments		12,155	10,460	12,564	12,155	10,460	12,564
Dividends received from non-current investments		4,902	10,407	30,268	4,902	10,407	30,268
Investment-related expenses		(15,991)	(12,682)	(25,210)	(15,991)	(12,682)	(25,210)
Net cash flow from current investments		41,285	(50,000)	(40,266)	41,285	(50,000)	(40,266)
Payments to acquire money market investments		–	(50,000)	(40,679)	–	(50,000)	(40,679)
Proceeds on maturities and disposals of money market investments		40,679	–	–	40,679	–	–
Interest received from money market investments		606	–	413	606	–	413
Net cash (used in)/generated by investment activities		(267,568)	53,307	55,651	(267,568)	53,307	55,651
Cash (used in)/generated by operating activities		(268,421)	44,124	36,588	(268,424)	44,114	36,601
Cash flows from financing activities:							
Proceeds from/(repayment of) borrowings		270,000	(40,000)	(40,000)	270,000	(40,000)	(40,000)
Net cash generated by/(used in) financing activities		270,000	(40,000)	(40,000)	270,000	(40,000)	(40,000)
Net increase/(decrease) in cash and cash equivalents		1,579	4,124	(3,412)	1,576	4,114	(3,399)
Cash and cash equivalents at the beginning of the period/year		4,578	7,993	7,993	4,102	7,504	7,504
Effects of exchange rate changes on the balance of cash held in foreign currencies	10	8	(1)	(3)	8	(1)	(3)
Total cash and cash equivalents at the end of the period/year		6,165	12,116	4,578	5,686	11,617	4,102

NOTES TO THE SUMMARISED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 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 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 Summarised Interim Financial Statements (collectively referred to as "Summarised Interim Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Summarised Interim 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		
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

The standards issued but not yet effective for the financial year ending on 30 June 2022 that might be relevant to the Group and not implemented early, are as follows:

Amendments/Improvements		
Various	*Annual improvements to IFRS standards*	1 January 2022
IFRS 3	*Reference to the conceptual framework*	1 January 2022
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 Summarised Annual and Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above.

3 Significant accounting policies

3.1 Basis of preparation

These Summarised Interim Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of 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; as a minimum, the information required by IAS 34; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

The Summarised Interim Financial Statements do not include all the information required for the preparation of Annual Financial Statements and should therefore be read in conjunction with the Consolidated Annual Financial Statements for the year ended 30 June 2021.

The accounting policies applied in the preparation of these Summarised Interim 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 Summarised Interim 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 Summarised Interim Financial Statements have been prepared on the going concern basis

These Summarised Interim 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 15 March 2022.

3.2 Basis of consolidation

The Group (consolidated) Summarised Interim 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.

3 Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

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.

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 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.

3.4 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)

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

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

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

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

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

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.

3.5 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 6. 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.

3.6 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 Summarised Annual Financial Statements have been prepared on the going concern basis.

3.7 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 31 December 2021, the Group had the following investments:

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Investments held at fair value through profit or loss:						
Carrying amounts of:						
Unlisted investments	2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336
	2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336
Comprising:						
Cost	2,900,369	2,592,374	2,590,450	2,900,369	2,592,374	2,590,450
Unrealised capital revaluation at the end of the period/year	(554,526)	(954,189)	(949,741)	(554,526)	(954,189)	(949,741)
Accrued income	217,111	166,098	186,627	217,111	166,098	186,627
	2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336
Underlying Portfolio Companies consisting of:						
Unlisted investments	1,742,460	1,302,095	1,425,077	1,742,460	1,302,095	1,425,077
Listed investments	820,494	502,188	402,259	820,494	502,188	402,259
	2,562,954	1,804,283	1,827,336	2,562,954	1,804,283	1,827,336

4 Unlisted investments at fair value (continued)

The investments consisted of the following 10 investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 31 Dec 2021 %	Cost 31 Dec 2021 R'000	Valuation 31 Dec 2021 R'000	Income distributions received 31 Dec 2021 R'000	Devaluation 31 Dec 2021 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII[(1)]	61.2	804,587	907,532	15,014	–
EMMF I[(2)]	39.4	700,444	603,771	–	(96,673)
EDI[(3)]	1.0 – 5.7	808,462	587,060	3,634	(221,402)
EAiF I[(4)]	20.3	101,077	164,191	1,162	–
EHP[(5)]	13.4	96,153	140,822	–	–
Primedia Holdings (Pty) Ltd	4.4	144,247	66,975	–	(72,272)
EF VI[(6)]	1.4	94,237	62,547	160	(31,690)
EMM Direct[(7)]	8.8	110,891	19,443	–	(91,448)
EMP 3[(8)]	n/a	18,115	10,613	–	(7,502)
Ster Kinekor Theatres (Pty) Ltd	4.4	22,157	–	–	(22,157)
		2,900,369	2,562,954	19,970	(548,143)

(1) *Ethos Fund VII (B) Partnership.*
(2) *Ethos Mid Market Fund I (B) Partnership.*
(3) *Ethos Direct Investment Partnership.*
(4) *Ethos Ai Fund I (B) Partnership.*
(5) *Ethos Healthcare (A) 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 31 Dec 2020 %**	**Cost 31 Dec 2020 R'000**	**Valuation 31 Dec 2020 R'000**	**Income distributions received 31 Dec 2020 R'000**	**Devaluation 31 Dec 2020 R'000**
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII	61.0	798,289	688,802	11,484	(109,487)
EMMF I	37.9	585,920	395,340	3,262	(190,580)
EDI	1.0 – 5.7	637,803	332,081	79,567	(305,722)
EHP	13.3	93,513	137,624	–	–
EAiF I	20.1	74,904	92,472	26,836	–
Primedia Holdings (Pty) Ltd	4.4	144,247	67,220	–	(77,027)
EF VI	1.4	92,142	51,683	4,644	(40,459)
EMM Direct	8.8	110,891	30,529	–	(80,362)
EMP 3	13.9	36,866	8,532	–	(28,334)
Ster Kinekor Theatres (Pty) Ltd	4.4	17,799	–	–	(17,799)
		2,592,374	1,804,283	125,793	(849,770)

4 Unlisted investments at fair value (continued)

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	61	796,878	697,765	26,232	(99,113)
EMMF I	38	597,362	456,381	156	(140,981)
EDI	1 – 6	637,803	275,973	5,838	(361,830)
EHP	13	93,513	137,647	–	–
EAiF I	20	74,905	98,036	5,179	–
Primedia Holdings (Pty) Ltd	4	144,247	64,298	–	(79,949)
EF VI	<2	94,579	59,820	5,427	(34,759)
EMM Direct	9	110,891	30,560	–	(80,331)
EMP 3	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)

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 31 December 2021, the underlying investments (Portfolio Companies) of the above Funds constituting 99.5% of the total assets, consisted of the following 23 unlisted companies:

Company

Name	Fund or type	Economic interest %	Business description/sector	Percentage of total assets 31 Dec 2021 %
Channel VAS	EF VII/EAiF I/EDI	8.7	FinTech service provider	26.1
Premier (Brait)	EF VII/EDI	9.6	FMCG manufacturer	10.9
Virgin Active (Brait)	EF VII/EDI	7.8	Health club operator	10.4
Echo	EMMF I/EF VII	31.9	Corporate ISP	7.3
Vertice	EHP/EAiF I/EF VI	16.9	MedTech	7.0
Exchangeable bond (Brait)	EF VII/EDI	9.8	n/a	6.6
Synerlytic	EMMF I	37.2	Specialised analytical and testing services	6.5
Crossfin	EMMF I/EAiF I		Fintech Group	4.8
Gammatek	EMMF I	20.3	TMT accessory distribution	4.7
Primedia	EF VI/Direct	4.7	Media	2.8
MTN Zakhele Futhi	EMMF I	4.0	Telecommunications	2.6
TymeBank	EAiF I	1.6	Banking	2.4
Autozone	EF VI/EMMF I	8.2	Automotive parts retailer & wholesaler	1.5
Kevro	EMMF I/EMM Direct	16.6	Corporate clothing and gifting	1.4
Eazi Access	EF VI/EMMF I	4.9	Industrial support services	1.0
New Look (Brait)	EF VII/EDI	1.8	Multi-channel fast-fashion brand	0.9
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.7
Consol Glass (Brait)	EF VII/EDI	0.3	Manufacturer of glass packaging	0.5
Chibuku	EMP 3	n/a	Brewing and distribution	0.4
Neopak	EF VI	1.4	Paper and packaging	0.3
RTT	EF VI	0.7	Logistics	0.3
Waco International	EF VI	0.3	Industrial support services	0.2
Twinsaver	EF VI/EMMF I	7.5	FMCG manufacturer	0.2
Ster Kinekor	EF VI/Direct	4.7	Media (entertainment)	–
				99.5

5 Money market investments at fair value

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Investments held at fair value through profit or loss:						
Carrying amounts of:						
Negotiable certificates of deposit	–	50,008	–	–	50,008	–
Cash and call accounts	–	–	40,796	–	–	40,796
	–	50,008	40,796		50,008	40,796
Consisting of:						
Cost	–	50,000	40,679	–	50,000	40,679
Unrealised capital revaluation at the end of the period/year	–	3	–	–	3	–
Accrued income	–	5	117	–	5	117
		50,008	40,796		50,008	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.

6 Issued capital

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 Number	Six months ended 31 Dec 2020 Number	Year ended 30 June 2021 Number	Six months ended 31 Dec 2021 Number	Six months ended 31 Dec 2020 Number	Year ended 30 June 2021 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	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	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	7,500,000	7,500,000
B Ordinary Shares issued at R0.01 per share	10,000	10,000	10,000	10,000	10,000	10,000
	287,510,000	287,510,000	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)	(13,500,000)	–	–	–
A Ordinary Shares repurchased	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)
Total issued share capital	265,010,000	265,010,000	265,010,000	278,510,000	278,510,000	278,510,000
	R'000	R'000	R'000	R'000	R'000	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	1,800,000	1,800,000
A Ordinary Shares issued at R7.50 per share	750,000	750,000	750,000	750,000	750,000	750,000
A Ordinary Shares issued at R0.01 per share	75	75	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)	(49,389)	(49,389)
	2,500,686	2,500,686	2,500,686	2,500,686	2,500,686	2,500,686
Black Hawk treasury shares (A Ordinary Shares)	(135,000)	(135,000)	(135,000)	–	–	–
A Ordinary Shares repurchased	(74,414)	(74,414)	(74,414)	(74,414)	(74,414)	(74,414)
Total issued share capital	2,291,272	2,291,272	2,291,272	2,426,272	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.

6 Issued capital (continued)

Costs that were directly attributable to the issue of all shares at the time, 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 14), 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 were 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 14.

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 12, 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.

7 Borrowings

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Secured – at amortised cost:						
Revolving credit facility	270,000	–	–	270,000	–	–
Unsecured – at amortised cost:						
Loan facility	161,866	150,341	155,967	–	–	–
	431,866	150,341	155,967	270,000	–	–
Current	–	–	–	–	–	–
Non-current	431,866	150,341	155,967	270,000	–	–
	431,866	150,341	155,967	270,000	–	–

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 currently capped at a maximum of 3.5x the Company's NAV (subject to some pre-agreed adjustments). R450 million of the facility is currently committed, with R250 million uncommitted. Interest accrues at a rate that is based on JIBAR plus a 3.5% margin.

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 31 December 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.

8 Changes in fair value of investments through profit or loss

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Income:						
Interest accrued and received on unlisted investments	27,495	28,540	47,995	27,495	28,540	47,995
Dividends accrued and received on unlisted investments	20,046	19,384	42,423	20,046	19,384	42,423
Fee income received	2,913	–	–	2,913	–	–
	50,454	47,924	90,418	50,454	47,924	90,418
Net gains/(losses) arising on changes in the fair value of investments	395,215	(20,713)	(17,662)	395,215	(20,713)	(17,662)
Reversal of prior years' fair value gains on disposal	–	(21,907)	(20,510)	–	(21,907)	(20,510)
Gains on realisation of investments	–	23,225	4,474	–	23,225	4,474
	395,215	(19,395)	(33,698)	395,215	(19,395)	(33,698)
Expenses:						
Ethos fees	(13,934)	(11,941)	(23,658)	(13,934)	(11,941)	(23,658)
Fund formation fees	(45)	(156)	(270)	(45)	(156)	(270)
Expenses relating to the acquisition of investments	(13)	–	(90)	(13)	–	(90)
Interest on secured credit facility	(498)	–	–	(498)	–	–
Commitment and transaction fees	(1,489)	–	–	(1,489)	–	–
Other Fund operating expenses	(12)	(585)	(1,192)	(12)	(585)	(1,192)
	(15,991)	(12,682)	(25,210)	(15,991)	(12,682)	(25,210)
	429,678	15,847	31,510	429,678	15,847	31,510

9 Investment income

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Income:						
Interest from money market investments	489	5	530	489	5	530
Interest from cash and bank balances	65	138	493	61	125	487
	554	143	1,023	550	130	1,017
Analysis of investment income by category of asset:						
Interest earned from assets designated at fair value through profit or loss	489	5	530	489	5	530
Loans and receivables (including cash and bank balances)	65	138	493	61	125	487
	554	143	1,023	550	130	1,017

10 Net fair value gains/(losses)

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Unrealised:						
Net gains arising on changes in the fair value of money market instruments	–	3	–	–	3	–
Net foreign exchange gains/(losses) on conversion of cash and cash equivalents	8	(1)	(3)	8	(1)	(3)
Net fair value gains/(losses)	8	2	(3)	8	2	(3)

11 Profit before tax

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

11.1 Administration fees

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Administration fee – Ethos	19	13	47	19	13	47
Administration fee – Ashburton	18	6	41	18	6	41
	37	19	88	37	19	88

11.2 Other operating expenses

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Company secretarial, accounting and other administration fees	249	190	740	249	190	740
Directors' emoluments	2,200	2,268	4,455	2,200	2,268	4,455
Auditors' remuneration	702	400	838	702	400	838
Insurance costs	167	120	278	167	120	278
Sponsor and listing-related fees	367	386	760	367	386	760
Other expenses	463	256	571	461	252	553
	4,148	3,620	7,642	4,146	3,616	7,624

11.3 Finance costs

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Interest on secured credit facility	1,528	1,370	1,542	1,528	1,370	1,542
Commitment and transaction fees	3,044	939	2,079	3,044	939	2,079
Interest on unsecured loan facility	5,899	5,392	11,018	–	–	–
	10,471	7,701	14,639	4,572	2,309	3,621

12 Capital commitments and contingent liabilities

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Undrawn capital commitments:						
Consisting of unlisted investments in:						
EMMF I[(1)]	211,105	334,020	318,915	211,105	334,020	318,915
EAiF I[(2)]	49,090	74,260	75,262	49,090	74,260	75,262
EF VI[(3)]	12,649	15,151	12,175	12,649	15,151	12,175
	272,844	423,431	406,352	272,844	423,431	406,352
Contingent liabilities						
RMB loan facility	–	–	–	161,866	150,341	155,967
	–	–	–	161,866	150,341	155,967
Total commitments and contingent liabilities	272,844	423,431	406,352	434,710	573,772	562,319

(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.*

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 31 December 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 R45,540,000 at 31 December 2021. In the event that the guarantee was called, the Company would be required to settle the outstanding RMB facility for an amount of R161,866,000. The guarantee has been recognised as a contingent liability in the Summarised Interim Financial Statements of the Company.

13 Notes to the Statements of Cash Flows

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Cash flows from operating activities before investing activities:						
Profit for the period/year	411,793	1 850	4,640	417,690	7,233	15,670
Adjustments for:						
Investment income recognised in profit	(48,095)	(48,067)	(91,441)	(48,091)	(48,054)	(91,435)
Investment-related expenses	15,991	12,682	25,210	15,991	12,682	25,210
(Gains)/losses from fair value adjustments	(395,215)	42,617	38,172	(395,215)	42,617	38,172
Net foreign exchange (gains)/losses	(8)	1	3	(8)	1	3
Gains on disposal of investments	–	(23,225)	(4,474)	–	(23,225)	(4,474)
Finance costs recognised in profit	10,471	7,701	14,639	4,572	2,309	3,621
Income tax expense recognised in profit	3,487	2,575	4,979	3,487	2,575	4,979
	(1,576)	(3,866)	(8,272)	(1,574)	(3,862)	(8,254)
Movements in working capital	8,056	(776)	(2,403)	8,055	(777)	(2,402)
Decrease/(increase) in trade and other receivables	5,342	72	(6,118)	5,341	72	(6,117)
Increase/(decrease) in other liabilities and payables	2,714	(848)	3,715	2,714	(849)	3,715
Cash generated by/(used in) operations	6,480	(4,642)	(10,675)	6,481	(4,639)	(10,656)

14 Earnings and NAVPS

As detailed in note 6, 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.

14 Earnings and NAVPS (continued)

14.1 Earnings and headline earnings per share

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Total comprehensive income attributable to ordinary shareholders	411,793	1,850	4,640	417,690	7,233	15,670
Reconciliation of basic earnings to headline earnings:						
Total comprehensive income attributable to ordinary shareholders	411,793	1,850	4,640	417,690	7,233	15,670
Reconciling items	–	–	–	–	–	–
Headline earnings for the period/year	411,793	1,850	4,640	417,690	7,233	15,670
	'000	'000	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of earnings per share	257,500	257,500	257,500	271,000	271,000	271,000
Basic and diluted earnings per share (Rand)	1.60	0.01	0.02	1.54	0.03	0.06
Basic and diluted headline earnings/(loss) per share (Rand)	1.60	0.01	0.02	1.54	0.03	0.06

14 Earnings and NAVPS (continued)

14.2 Basic net asset value per share

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000	Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Net asset value	2,128,183	1 713 600	1,716,390	2,289,568	1,863,441	1,871,878
	'000	'000	'000	'000	'000	'000
Number of shares in issue during the period/year	287,500	287,500	287,500	287,500	287,500	287,500
Less: Shares held in treasury	(22,500)	(22,500)	(22,500)	(9,000)	(9,000)	(9,000)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the period/year	257,500	257,500	257,500	271,000	271,000	271,000
Basic net asset value per share (Rand)	8.26	6.65	6.67	8.45	6.88	6.91

15 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 same entities as identified and disclosed in the Annual Financial Statements as at 30 June 2021 as related parties.

16 Financial risk factors and instruments

16.1 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

These risks are detailed in note 24 of the Notes to the Annual Financial Statements as at 30 June 2021.

16 Financial risk factors and instruments (continued)

16.1 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 31 December 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	2,562,954	–	2,562,954	–
Other assets and receivables	–	5,493	–	5,491
Income tax receivable	–	242	–	242
Cash and cash equivalents	–	6,165	–	5,686
Financial liabilities:				
Borrowings	–	431,866	–	270,000
Other liabilities and payables	–	14,805	–	14,805
At 30 December 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	1,804,283	–	1,804,283	–
Other assets and receivables	–	5,062	–	5,060
Money market investments at fair value	50,008	–	50,008	–
Cash and cash equivalents	–	12,116	–	11,617
Financial liabilities:				
Borrowings	–	150,341	–	–
Other liabilities and payables	–	7,528	–	7,527

16 Financial risk factors and instruments (continued)

16.1 Overview (continued)

	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

16.2 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 Statements 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.

16 Financial risk factors and instruments (continued)

16.3 Valuation risk

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.

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 2021 has been audited by the Group's auditor. 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

16.4 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.

16 Financial risk factors and instruments (continued)

16.4 Fair value classification of investments (continued)

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 Summarised 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	820,494	–	1,742,460	2,562,954
At 31 December 2021	820,494	–	1,742,460	2,562,954

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets:				
Unlisted investments	502,188	–	1,302,095	1,804,283
Money market investments	–	50,008	–	50,008
At 31 December 2020	502,188	50,008	1,302,095	1,854,291

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

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.

16 Financial risk factors and instruments (continued)

16.4 Fair value classification of investments (continued)

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

Group and Company	Unlisted investments Six months ended 31 Dec 2021 R'000	Six months ended 31 Dec 2020 R'000	Year ended 30 June 2021 R'000
Non-current assets:			
Opening balance	1,425,077	1,438,999	1,438,999
Acquisitions	139,744	9,804	28,517
Realisations at 30 June 2021 carrying value	(543)	(105,151)	(125,441)
Net gains/(losses) included in the Statements of Comprehensive Income	178,182	(41,557)	83,002
	1,742,460	1,302,095	1,425,077

16.5 Sensitivity of the fair values to unobservable inputs

16.5.1 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 31 December 2021.

At 31 December 2021 Investments	Group and Company R'000	Group and Company % change	Group NAVPS Rand	Company NAVPS Rand	Group and Company Fair value adjustment R'000
NAV:					
EF VII	907,532	±5%	±0.18	±0.17	±45,377
EMMF I	603,771	±5%	±0.12	±0.11	±30,189
EDI	587,060	±5%	±0.11	±0.11	±29,353
EAiF I	164,191	±5%	±0.03	±0.03	±8,210
EHP	140,822	±5%	±0.03	±0.03	±7,041
EF VI	62,547	±5%	±0.01	±0.01	±3,127
EMM Direct	19,443	±5%	–	–	±972
EMP 3	10,613	±5%	–	–	±531

16 Financial risk factors and instruments (continued)

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

16.5.2 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 31 December 2021, are as follows:

		Group and Company		
Methodology	**Category**	**31 Dec 2021 R'000**	**31 Dec 2020 R'000**	**30 June 2021 R'000**
Non-earnings based:				
Fair value – early-stage investment	Unlisted private equity	60,711	30,202	30,202
Fair value – par value plus coupon	Unlisted mezzanine	10,613	8,532	6,856
Earnings based:				
Fair value – earnings based	Unlisted private equity	1,671,136	1,263,361	1,388,019
		1,742,460	1,302,095	1,425,077

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.

16 Financial risk factors and instruments (continued)

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

16.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Non-earnings based (continued)

Fair value – par value plus coupon

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 31 December 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
At 31 December 2021	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	+5%	–	–	±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.

16 Financial risk factors and instruments (continued)

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

16.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

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

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 31 December 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 31), including the Co-Investments that are made alongside the Funds, reflecting the monitoring levels of the Board.

16 Financial risk factors and instruments (continued)

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

16.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
At 31 December 2021	**R'000**	**% change**	**Rand**	**Rand**	**R'000**
EF VI and relevant Co-Investments:					
Attributable EBITDA	66,000	±10%	±0.17	±0.17	±45,020
Attributable Net debt	141,000	±10%	∓0.05	∓0.05	∓13,300
Implied EBITDA valuation multiple	6.7x	±10%	±0.17	±0.17	±45,020
EF VII and relevant Co-Investments:					
Attributable EBITDA	88,000	±10%	±0.30	±0.29	±78,400
Attributable Net debt	5,000	±10%	0.01	–	1,300
Implied EBITDA valuation multiple	9.0x	±10%	±0.30	±0.29	±78,400
EMMF I and relevant Co-Investments:					
Attributable EBITDA	130,000	±10%	±0.34	±0.32	±86,500
Attributable Net debt	311,000	±10%	∓0.13	∓0.13	∓34,300
Implied EBITDA valuation multiple	6.9x	±10%	±0.34	±0.32	±86,500

16 Financial risk factors and instruments (continued)

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

16.5.2 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.

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 Group's direct investment in Primedia at 31 December 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 31 December 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	±15,798
Attributable Net debt	91,000	±10%	∓0.04	∓0.03	∓9,100
Implied EBITDA valuation multiple	7.2x	±10%	±0.06	±0.06	±15,798
			∓	∓	∓

17 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Summarised Interim Financial Statements for the period ended 31 December 2021.

CORPORATE INFORMATION

Directors
Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

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Jean-Pierre van Onselen (CFO)
Peter Hayward-Butt (CEO)

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JSE code: EPE
Sector: Financials – Closed End Investments

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Disclaimer

The financial information on which this announcement is based has not been audited, reviewed, and reported on by the Company's external auditors.

Ebene, Mauritius (with simultaneous circulation in Johannesburg)
16 March 2022

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)