

EPE CAPITAL PARTNERS LTD

INCORPORATED IN THE REPUBLIC OF MAURITIUS

REGISTRATION NUMBER: C138883 C1/GBL

ISIN: MU0522S00005

SHARE CODE: EPE

("ETHOS CAPITAL" OR "THE COMPANY")

## **VOLUNTARY UPDATE ON ETHOS CAPITAL'S PERFORMANCE AND PARTIAL REALISATION OF ITS STAKE IN OPTASIA**

Ethos Capital is an investment holding company, registered, and incorporated in Mauritius. It is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders potential long-term capital appreciation by making commitments and investments into Funds or co-investments that are actively managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with exposure to a diversified portfolio of unlisted private equity type investments ("Portfolio Companies").

### **Voluntary performance update**

Below is a voluntary update of the Company since the annual results announcement published in September 2022.

### **Net Asset Value ("NAV") and NAV per share ("NAVPS")**

The NAVPS of Ethos Capital, including the Brait PLC ("Brait") investment at its NAVPS, decreased by 0.6% in the quarter to 30 September 2022, from R10.66 to R10.60. The Ethos Capital unlisted portfolio increased by 2.3% over the quarter as the broad-based profit growth across most of the portfolio continued. Brait announced a 0.4% increase in its NAVPS to R8.40 as at 30 September 2022, largely due to the 16% growth in Premier's EBITDA over the six-month period. However, the MTN Zakhele Futhi share price fell by 4% over the period.

Based on the Brait share price of R3.95 as at 30 September 2022, the Ethos Capital NAVPS decreased by 1.4% from R8.49 to R8.37 as the Brait and MTN Zakhele Futhi share prices fell during the quarter.

The table below sets out the portfolio valuation and Company's NAVPS as at 30 September 2022:

	<b>Ethos Capital portfolio (excl. Brait Ordinary shares)</b>		<b>Brait portfolio Sept 22</b>		<b>Combined portfolio Sept 22</b>	
	<b>Jun 22</b>	<b>Sept 22</b>	<b>At R8.40</b>	<b>At R3.95</b>	<b>At R8.40</b>	<b>At R3.95</b>
<b>NAV ('million)</b>	2,128	2,155	1,085	510	3,240	2,665
<b>NAVPS – Rand</b>						
Invested capital					12.58	10.35
Net liabilities					(1.98)	(1.98)
<b>Total</b>					<b>10.60</b>	<b>8.37</b>

As noted above, Brait announced its interim results for the six-months ended 30 September 2022 with its NAVPS increasing 0.4% to R8.40. In addition, Premier has announced its intention to float on the JSE. Brait is expected to retain a majority of its stake post the listing and will continue to work closely with Premier's management to drive growth and value creation.

For further information on Brait's results and the listing of Premier, please refer to the Brait interim results for the six-months ended 30 September 2022, published on the Stock Exchange News Service and available at <http://brait.investoreports.com/investor-relations/results-and-reports/>

## **Partial realisation of a stake in Optasia**

### **Overview of Optasia**

Optasia (formally known as Channel VAS) is the largest Portfolio Company within Ethos Capital's portfolio constituting c.31% of the Company's NAV as at 30 September 2022. Ethos Capital has an indirect stake in Optasia through its investments in Ethos Fund VII, Ethos Ai Fund I and Ethos Direct Investment Partnership (the "Ethos Funds").

Optasia, through its advanced Ai-led delivery and decisioning platform, enables instant access to financing solutions for millions of under-banked individuals and SMEs globally. Optasia's business-to-business-to-customers model creates significant value for its partners (including mobile network and mobile money operators, banks and payment gateways) in the form of revenue, customer experience and retention without the need for additional operating or capital expense. Optasia's Ai-led data engine and proprietary algorithms analyse alternative data from mobile and other environments to provide relevant, real-time credit decisions to its partners which facilitates micro-lending, airtime and data advances via mobile wallets, SIM cards, and other digital environments.

Optasia's technology platform enabled more than US\$3 billion in distributed financing value in 2021. Optasia currently operates across Africa, the Middle East, Asia, Latin America and Europe. Through its network of distribution and financial partners, the business has unique access to over 560 million subscribers. Optasia aims to continue expanding both its geographical footprint as well as its range of products and services, adhering to its strategic goal of enabling financial inclusion to under-banked individuals and SMEs in fast-growing emerging markets underserved by the traditional banking sector.

### **Overview of the Transaction**

Optasia has concluded a transaction whereby a new consortium led by an existing shareholder ("the Purchaser") has acquired a shareholding in Optasia based on an equity valuation for the business of \$650 million (the "Offer Value"). The Purchaser will invest \$106 million through a combination of primary and secondary capital ("the Transaction"). In addition, Optasia intends to raise debt funding in the amount of \$40 million.

The combination of proceeds arising from the Transaction and the debt funding totalling US\$146 million will be utilised for:

- i) a specific partial buy back of shares from one of the existing financial investors;
- ii) a proportionate sale of shares by existing shareholders; and
- iii) the buyback of shares on a pro rata basis from all shareholders (excluding the Purchaser) post steps (i) and (ii) above.

Assuming all steps are concluded, the Purchaser will have a stake of 17.4% in Optasia. The Purchaser has also been granted an option until 30 March 2023 to acquire such additional shares as will result in the Purchaser having an aggregate 20% shareholding in the business (the "Option"). The option shares will be acquired proportionately from existing shareholders and on the same terms as the Transaction.

## Impact on Ethos Capital

The Transaction results in an increase in the Ethos Capital Optasia valuation of 23% and a Times Money back (realised and unrealised) of 3.0x. Based on the transactions outlined above (but excluding the exercise of the Option), Ethos Capital's share of the cash proceeds will be US\$9.6 million (R165 million) and its effective stake in Optasia will reduce from 8.7% to 7.4%.

The Transaction was concluded post the quarter end and, as such, was not reflected in the NAVPS as at 30 September 2022. The impact of the Transaction on Ethos Capital's NAVPS is an increase of R0.73 per share over the 30 June 2022 NAVPS.

The impact of the Transaction based on the Offer Value at prevailing exchange rates is as follows:

	<u>As at 30 June 2022</u>	<u>Post Transaction</u>
Ethos Capital effective stake	8.7%	7.4%
Value of Ethos Capital's stake	R765m	R776m
Gross distribution proceeds from the Transaction	-	R165m
<b>Value of stake and proceeds</b>	<b>R765m</b>	<b>R941m</b>
<i>Increase in value</i>		23%
Distributions received life to date	R174m	R185m
<b>Value plus distributions received life to date</b>	<b>R939m</b>	<b>R1,126m</b>
Times Money Back	2.5x	3.0x

Ethos Capital will use the proceeds received to repay existing debt, for corporate liquidity purposes and to fund a possible share buyback programme.

The Board of Ethos Capital (and the other Optasia shareholders) remain committed to the business and continue to believe in the long-term prospects for the business.

Ebene, Mauritius (with simultaneous circulation in Johannesburg)

1 December 2022

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)