ETHOS CAPITAL

FINANCIAL RESULTS
for the six months ended 31 December 2022

22

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

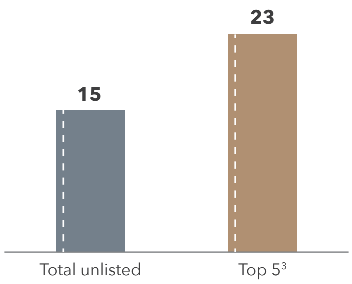
FINANCIAL AND OPERATIONAL HIGHLIGHTS

R2.6 billion carrying value of invested capital and NAVPS of **R10.80** (Brait at NAVPS) and **R8.51** (Brait at share price)

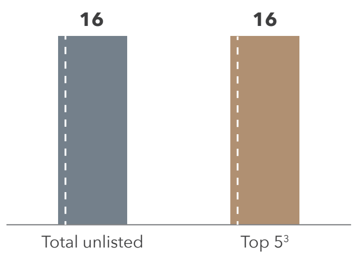
R214 million proceeds generated, including partial sale of Optasia with its MOIC[1] increasing to 3.0x

[1] *Multiple on Invested Capital*

LTM attributable revenue growth[2] of unlisted portfolio – %

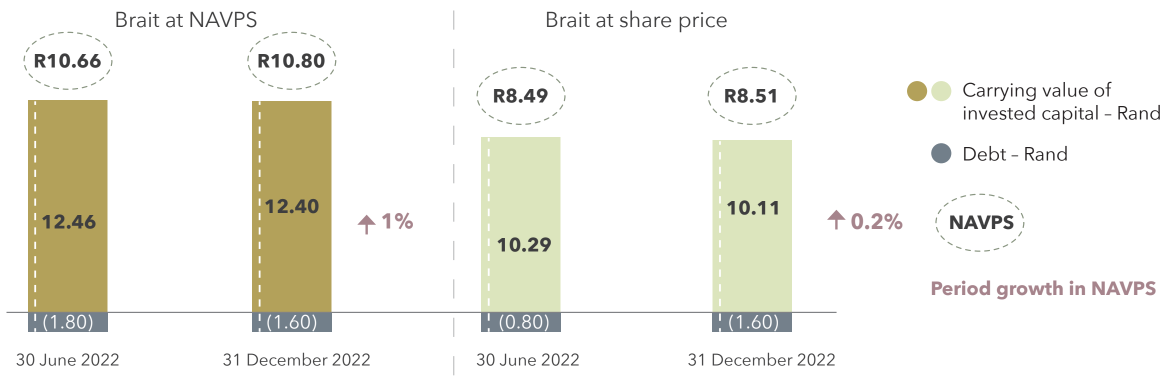


LTM attributable EBITDA growth[2] of unlisted portfolio – %



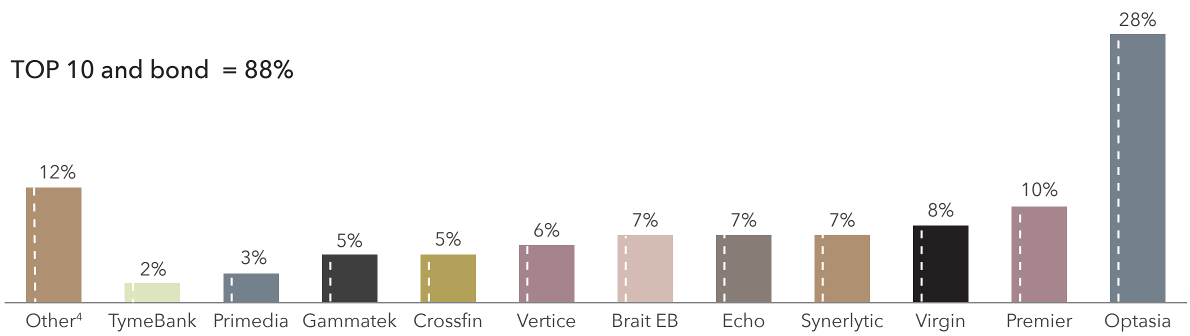
[2] *On an aggregate basis*

[3] *53% of total assets.*



TOTAL ASSETS CONTRIBUTION – R2.6 BILLION

TOP 10 and bond = 88%



[4] *Including 11 Portfolio Companies and current assets.*

RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2022

A. INTRODUCTION AND OVERVIEW

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"). The NAV of each Fund is derived from the fair values of the underlying Portoflio Companies which are prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines, and largely consists of investments being valued on an earnings multiple method. In terms of this method, an appropriate valuation multiple, as derived from public market companies' multiples and adjusted by the investment manager for certain factors, is applied to an investment's maintainable earnings (e.g., earnings before interest, taxes, depreciation and amortisation ("EBITDA")) to determine the enterprise value of the investment that is then adjusted for surplus assets or net debt to derive the equity value of the investment attributable to its shareholders.

On 18 November 2022, Ethos signed a definitive agreement with The Rohatyn Group ("TRG"), one of the largest alternative asset management firms in emerging markets ("the Transaction"). It will result in TRG taking cession of some of Ethos' management/advisory contracts and acquiring certain Ethos Funds' General Partner entities owned by Ethos. The current Ethos investment team will remain responsible for driving existing and new Fund strategies and advisory services in sub-Saharan Africa ("SSA"), where TRG is not currently represented.

TRG has given its commitment to existing Ethos investors that it will continue to operate the relevant Ethos Funds and management/advisory contracts in the same way as they have been conducted to date. The Ethos Funds' key person clauses remain unaffected, and the Transaction will also not impact the Ethos Funds' Limited Partners' rights and obligations.

Overview

The past six months have seen a continuation of the uncertainty and volatility in world markets, driven by concerns about inflation, higher interest rates, risks to energy availability, and supply chain constraints. The local markets were impacted by political instability and sustained Eskom load shedding issues throughout the period. The impact of load shedding was felt by most Portfolio Companies with significant operational disruptions and financial implications, and it negatively affected consumer confidence.

Despite these challenges, the last 12 months ("LTM") attributable sales and EBITDA of the Portfolio Companies (that are valued on an earnings/revenue-based valuation methodology) increased on an aggregate basis by 15% and 16% respectively, with the equivalent growth of the top 5 unlisted investments achieving growth of 23% and 16%. From a valuation perspective though, the LTM maintainable EBITDA increased by 1% over 30 June 2022 with the EV/maintainable EBITDA multiple increasing to 8.2x (30 June 2022: 7.7x), largely driven by the increase in Optasia's valuation multiple as noted below.

In December 2022, Optasia concluded a transaction whereby a new consortium led by an existing shareholder has acquired a 17.4% stake in Optasia, with an option to increase the stake to 20%. The acquisition multiple was at a significant premium (22%) to the 30 June 2022 Ethos valuation multiple, resulting in a significant revaluation at 31 December 2022. Through its commitments to the Ethos Funds, Ethos Capital realised 14% of its participation in Optasia for R167 million, thereby increasing the Multiple on Invested Capital ("MOIC") on its investment to 3.0x.

In aggregate, Ethos Capital realised gross proceeds of R214 million during the period, including R15 million of dividends from Optasia and R20 million from the Crossfin Group in relation to the sale of Retail Capital to TymeBank also at a significant premium to pre-sale carrying value. During the six-month period, Ethos Capital participated in follow-on investments via the Ethos Funds of R61.5 million, investing in Crossfin, Kevro and Echo.

The Ethos Capital NAVPS (including Brait at its NAVPS, that increased marginally over the period) increased by 1.3% from R10.66 to R10.80, largely resulting from the unlisted portfolio. The portfolio achieved an 8% return (R148 million) over the period, predominantly driven by increases in Optasia following the partial sale transaction, and strong performances from Synerlytic and Gammatak.

The prices of the listed assets, consisting of ordinary shares in Brait and MTN Zakhele Futhi and the Brait exchangeable bonds, decreased by 5%, 17% and 18% respectively, resulting in a negative return of R86 million, net of coupon proceeds received on the exchangeable bonds.

Overall, the increases in the investment portfolio contributed to a slight increase in Ethos Capital's NAVPS (including Brait at its share price) from R8.49 to R8.51 over the six months.

As part of its continued assessment to enhance NAVPS and manage the Group's liquidity, the Board has approved a share buyback program that will be implemented imminently.

B. CHIEF EXECUTIVE OFFICER'S REVIEW

"Pleasingly, the impact of COVID is now largely behind most of the Portfolio Companies, the majority of which showed strong profit growth over the last twelve months."

Peter Hayward-Butt
Chief Executive Officer

Review of the year

The transition of the Ethos Capital portfolio from the investment phase towards the realisation phase was evident in the last 18 months with a number of assets having been sold (Consol, Retail Capital) or partially realised (Optasia, Premier) with a number of other assets in the "exit lounge". This is despite the ongoing economic malaise in the South African economy which has been beset with ever increasing obstacles in terms of the ease of doing business. The increased burden of load shedding on businesses has dampened prospects for the majority of South Africa's companies and remains a major impediment to growth.

Pleasingly, the impact of COVID is now largely behind most of the Portfolio Companies, the majority of which showed strong profit growth over the last twelve months. Ethos, the Manager, is focused on continuing to develop the Portfolio Companies and position them for an optimal exit.

The sub-Saharan Africa ("SSA") region offers unrivalled opportunities from a large growing population, rapid urbanisation and strong economic growth prospects. Spotting opportunities and executing successfully on these will ultimately realise long-term sustainable investor returns. Global interest in emerging and frontier markets has significantly increased since the interest rate tightening by policy makers in developed markets. Emerging markets provide good long-term growth prospects and potential returns in select countries and sectors. Ethos continued to invest or pursue investments in exciting companies, the most recent being Crossfin. Ethos has invested growth capital into Crossfin during the period and a number of acquisitions are likely to be announced imminently.

The long-term impact of sustained inflation and higher interest rates will impact Portfolio Companies from a profitability and/or valuation perspective. Ethos' valuation policy takes a conservative view on unrealised valuations with Portfolio Company valuation multiples.

This is evident in the c.38% premium to NAV that Ethos has achieved across assets it has exited since 2016 when Ethos Capital was listed. Another example of this was the partial realisation of Optasia (previously Channel VAS). Ethos Capital realised c. 14% of its underlying stake in the business at a 22% premium to its USD carrying value at 30 June 2022 which resulted in R167 million of gross proceeds to Ethos Capital and increased the investment's MOIC to c.3.0x. In addition, Crossfin sold Retail Capital at a significant premium to both the carrying value and the acquisition value of the asset. This demonstrates the ability to monetise core assets at significant premia to their NAV.

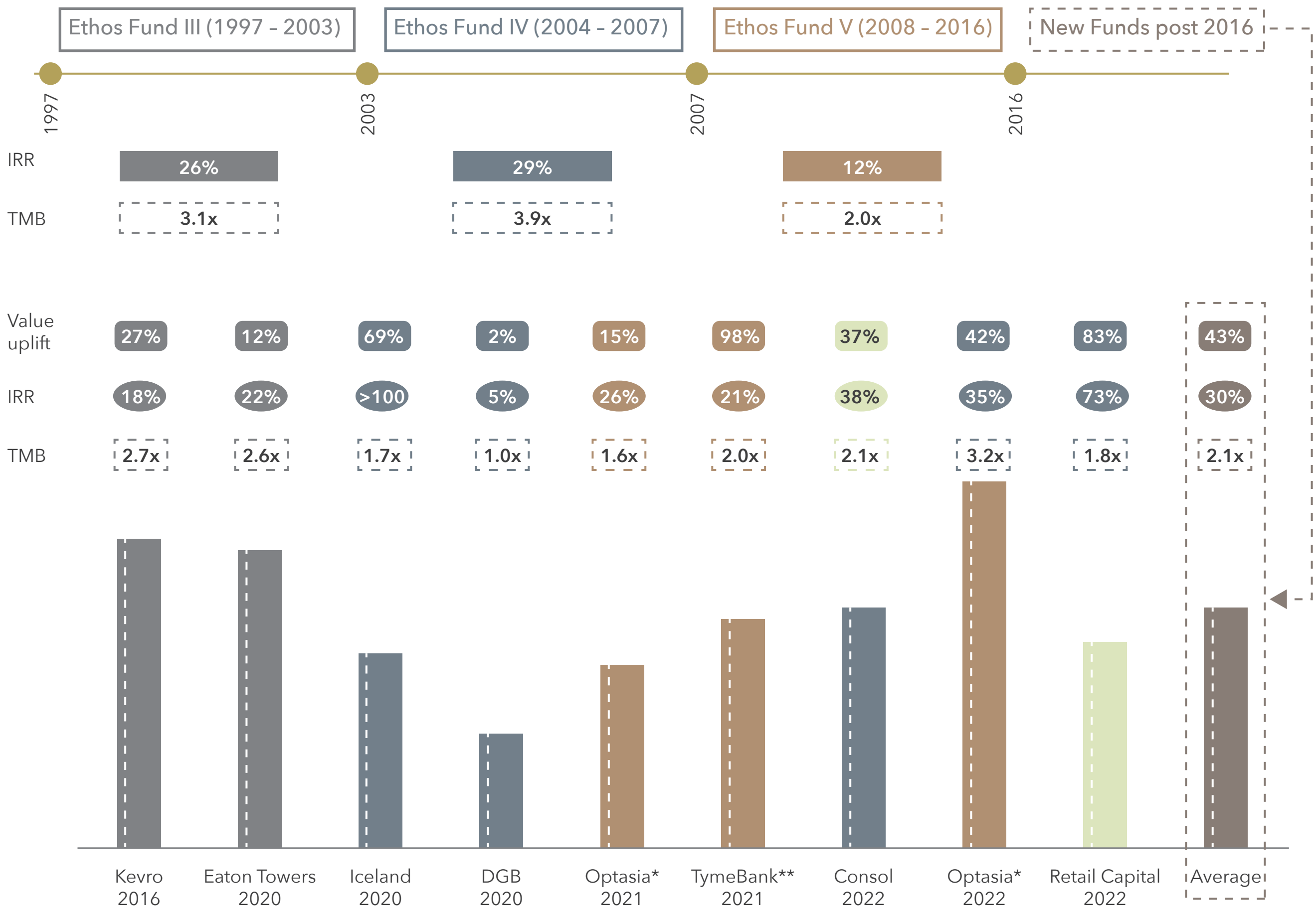
Overall, the average EV/Maintainable EBITDA multiple for the Ethos Capital portfolio increased over the period to 8.2x, predominantly as a result of the increase of the Optasia valuation multiple post the transaction. The majority of the Portfolio Company valuation multiples remained unchanged during the six month period despite an increase in market comparable companies.

Ethos Capital's unlisted portfolio achieved an 8% return over the six months partly due to the higher valuation of Optasia. However, the listed assets (Brait and MTN Zakhele Futhi) achieved a negative return, driven by share price decreases of 5% and 17% respectively and an 18% decrease in the price of the Brait exchangeable bonds. This resulted in Ethos Capital's NAVPS (including

Brait at its share price) increasing marginally from R8.49 to R8.51 over the period. The Ethos Capital NAVPS (including Brait at its NAVPS) increased from R10.66 to R10.80, with Brait's NAVPS increasing by 0.4% over the period.

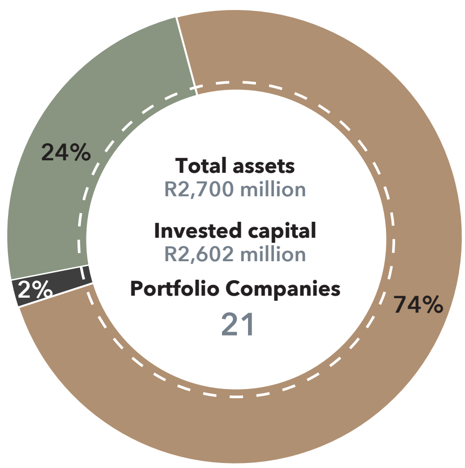
We live in a rapidly changing world which requires investors to demonstrate consistency and patience whilst also being able to be agile and adapt quickly. The benefit of active management in private markets has led to long-term outperformance by private equity as an asset class. Ethos remains committed to driving and realising value from the portfolio for the benefit of its investors.

Realised returns from exited Ethos Funds (in ZAR)



**Partial realisation for Ethos (2022) and for Ethos Capital only (2021)*
***Capital raising event*

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



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.

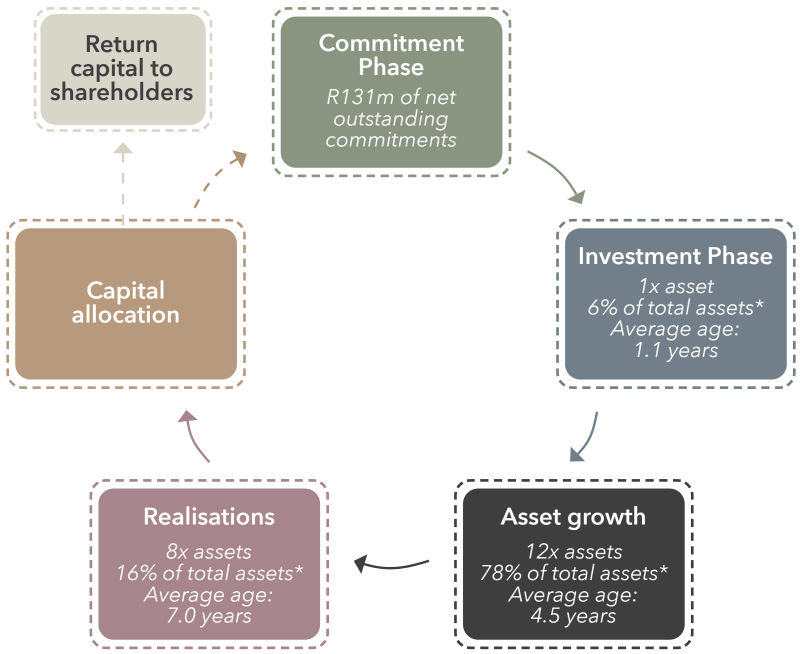
The Ethos Capital Board and Investment Committee are responsible for allocating capital across these three strategies based on, inter alia, the macroeconomic outlook, overall portfolio diversification, liquidity constraints, and prevailing market sentiment.

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 Ster Kinekor and Brait EB.*

Ethos has a long, successful track record. As mentioned, since 1984, Ethos' LEF have invested in 111 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 (30 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.

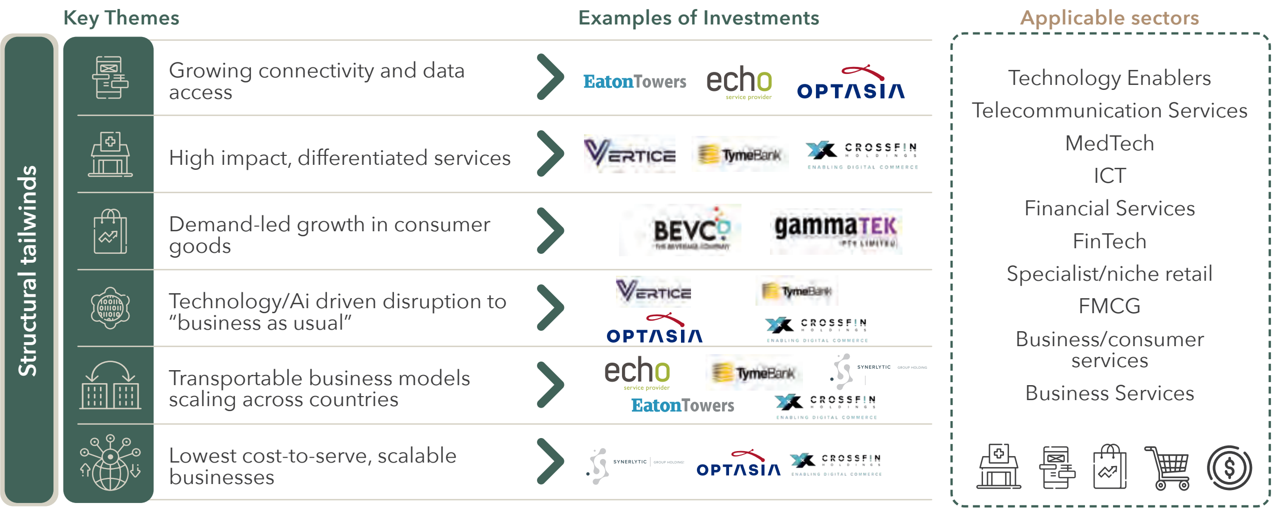
Performance overview

The adverse impact of COVID on many of the Portfolio Companies has dissipated and most have experienced a strong rebound in profitability (increase in attributable LTM Revenue and EBITDA of 15% and 16% respectively). The impact of load shedding was acutely felt by most companies with significant operational disruptions and financial implications and an impact on consumer confidence.

By contrast, the solid gross domestic product ("GDP") growth rates of some of the other countries in 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 key growth tailwinds.

Investments that have one or more of these attributes or themes (see diagram below) 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.



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. In addition, Ethos Capital participated in two Co-Investment opportunities alongside EF VI in Primedia and Vertice.

At 31 December 2022, Ethos Capital had undrawn commitments of R13 million to EF VI

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor LEF for EF VI.

The Fund has completed three investments, of which Ethos Capital invested c.R812 million:

- Optasia (previously Channel VAS), a provider of airtime credit services to prepaid mobile subscribers, with operations and contracts with mobile network operators across more than 30 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 the exchangeable bonds that EF VII participated in.

In addition, Ethos Capital has made Co-Investments alongside EF VII in Optasia 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 remaining five 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 R190 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 has a R22.8 million exposure to EMP3 through its participation in Chibuku and has no outstanding commitments to the Fund.

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 Optasia; 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 R51 million to the Fund at 31 December 2022.

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 eight complementary medical software businesses were acquired. Ethos Capital has invested R128 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. However, Ethos has remained conservative in its approach to increasing multiples and the average discount to the peer group is 36% across the portfolio.

As at 31 December 2022, the implied EV/maintainable EBITDA multiple of the unlisted portfolio that is valued on an earnings/revenue-based methodology, increased to 8.2x and the implied price earnings ratio ("PER") increased to 13.5x. The increase was largely driven by the Optasia acquisition that was concluded at a premium to the previous carrying value.

Based on the Ethos Capital share price as at 31 December 2022, the equivalent "market-implied" EV/maintainable EBITDA and PER are 5.5x and 9.1x 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

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 R700 million 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 1.5x.

The Optasia transaction resulted in net proceeds of R125 million received by Ethos Capital (after repaying R42 million of the Fund VII debt facility). This resulted in a reduction of the debt post 31 December 2022, to R250 million.

Outlook

Given the uncertain economic outlook, the Board believes that remaining focused on theme/tailwind- led investing, leveraging the sector, active management 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 to 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).

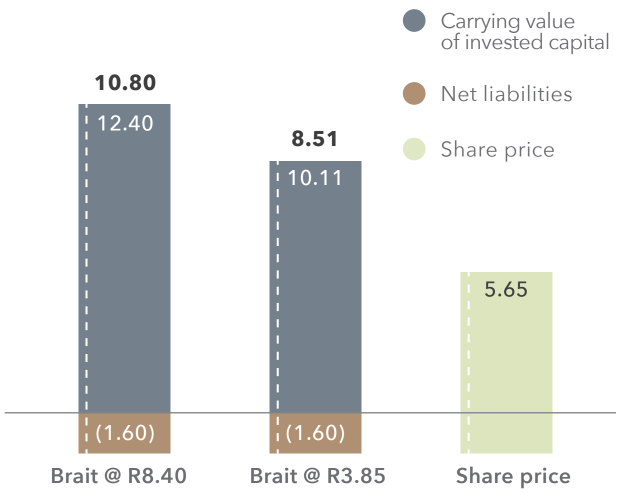
The Ethos Capital Group's NAVPS, based on Brait's last reported NAVPS (as at 30 September 2022), increased by 1.3% over the period from R10.66 (at 30 June 2022) to R10.80 at 31 December 2022. The unlisted portfolio achieved a return of 7.6% over the period, largely driven by the revaluation of Optasia following a partial sale and its ongoing strong performance. Other positive contributions in value were achieved by Synerlytic and Gammatek.

Brait's NAVPS increased marginally from R8.37 to R8.40 (31 March 2022 to 30 September 2022). The value of the listed investments in the Brait exchangeable bonds and MTN Zakhele Futhi decreased by 18% and 17% respectively during the period.

The corresponding 31 December 2022 Group NAVPS, based on the 31 December 2022 Brait share price, increased slightly over the period to R8.51 (30 June 2022: R8.49). The Brait share price decreased from R4.05 (30 June 2022) to R3.85 over the period, a 5% decrease and implies a discount to its NAVPS of c.54%.

Ethos Capital's share price at 31 December 2022 was R5.65

GROUP NAVPS AND SHARE PRICE AT 31 DECEMBER 2022 – RAND



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

	NAV R'000	NAVPS Cents
At 30 June 2022	2,186,928	8.49
Net return on Temporary Investments	253	–
Net return on investment portfolio	52,396	0.20
Operating expenses	(4,712)	(0.02)
Finance costs	(25,235)	(0.10)
Fees paid to Ethos	(16,344)	(0.06)
Taxation	(874)	–
At 31 December 2022 (with Brait at share price)	**2,192,412**	**8.51**
Incremental Brait increase to NAVPS	587,488	2.29
At 31 December 2022 (with Brait at NAVPS)	**2,779,900**	**10.80**

The investment portfolio achieved a net gain of R52.4 million during the period resulting from: unrealised and realised gains on the unlisted portfolio of R148.1 million less withholding tax on income distributions received of R2.4 million; unrealised losses and realised gains on the listed portfolio of R85.7 million, largely driven by movements in the Brait and Brait exchangeable bond share prices; and some Fund related expenses, including finance charges on the EF VII facility. These movements are detailed further in the report.

Operating expenses totalled R4.7 million, less than 0.2% of the Group's average NAV over the period. These expenses relate to Directors' remuneration (R2.3 million), auditors' remuneration, legal and professional fees, listing-related fees and other general costs.

The fees payable to Ethos acting as the Company's Investment Advisor and Investment Manager of the Funds and Co-Investments, totalled R16.3 million, equating to less than 0.75% of the Group's average NAV over the period.

Finance costs relate to accrued interest on the Group's loan facility and interest paid on the Company's revolving credit facility that has been drawn throughout the period.

Taxation of R0.9 million related to the Mauritian income tax expense for the period.

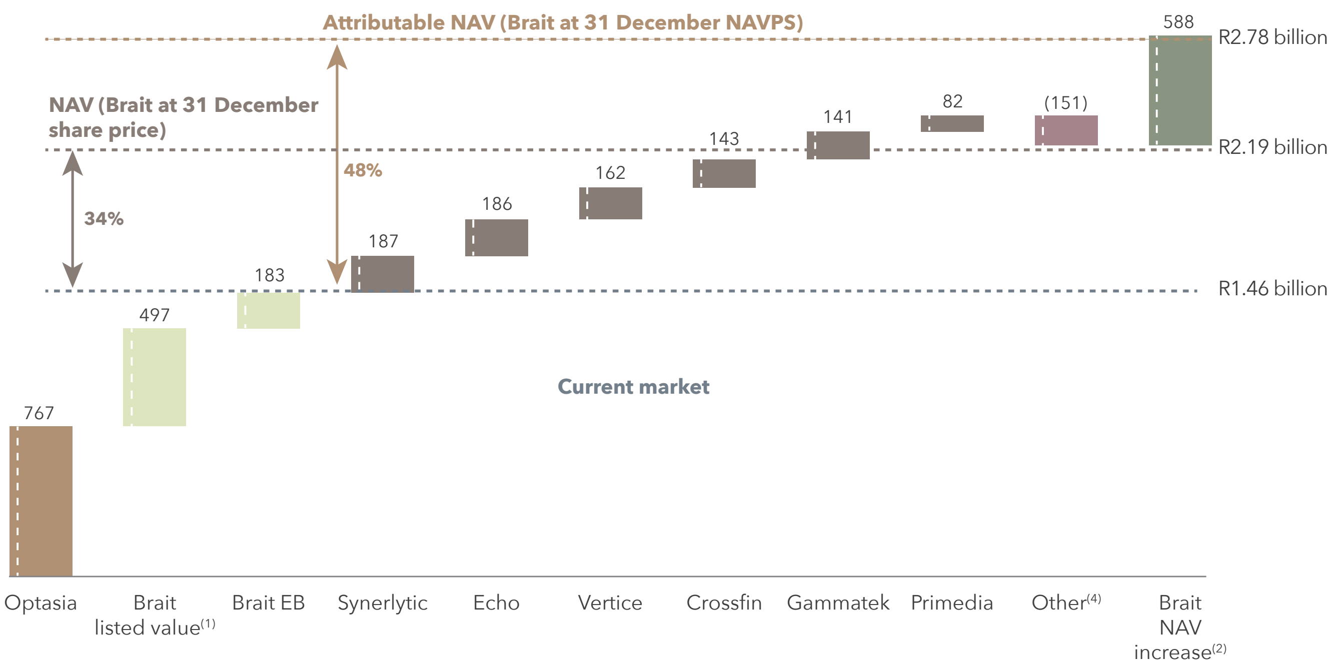
Further details on expenses are provided in notes 7 and 10 of the Notes to the Summarised Annual Financial Statements.

Share price analysis

The Ethos Capital share price decreased by 2% over the period to R5.65 at 31 December 2022. The share price represented a 34% discount to the Group's 30 June 2022 NAVPS, and 48% compared to the Group's NAVPS that reflects the Brait investment at its last reported NAVPS.

The top three investments – Optasia, Brait (at its share price) and the Brait exchangeable bonds – in value are just below the Group's market capitalisation of R1.46 billion as at 31 December 2022.

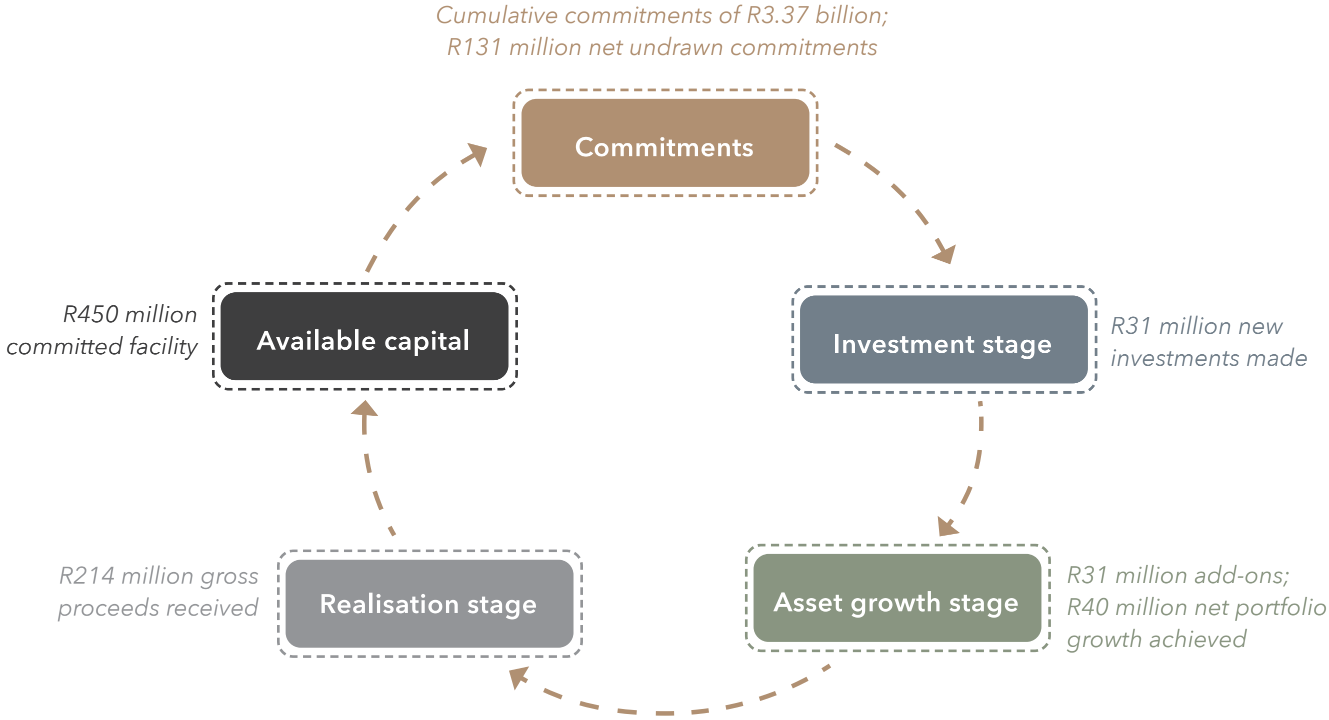
ATTRIBUTABLE NAV AND MARKET CAPITALISATION – R'million



(1) *Brait listed share price as at 31 December 2022 of R3.85*
(2) *Brait NAVPS as at 30 September 2022 of R8.40.*
(3) *Ethos Capital share price as at 31 December 2022 of R4.65.*
(4) *Including 10 other investments and liabilities.*

Private equity activity cycle

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



Commitments to Ethos

The total commitments to Ethos Funds were unchanged during the period at R3.4 billion at 31 December 2022, 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 – 43	950,000	189,929
EAiF I	2018	20	150,000	51,222
EF VI[(1)]	2011	1 – 2	170,012	13,248
				254,399

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

Investments

Investment portfolio

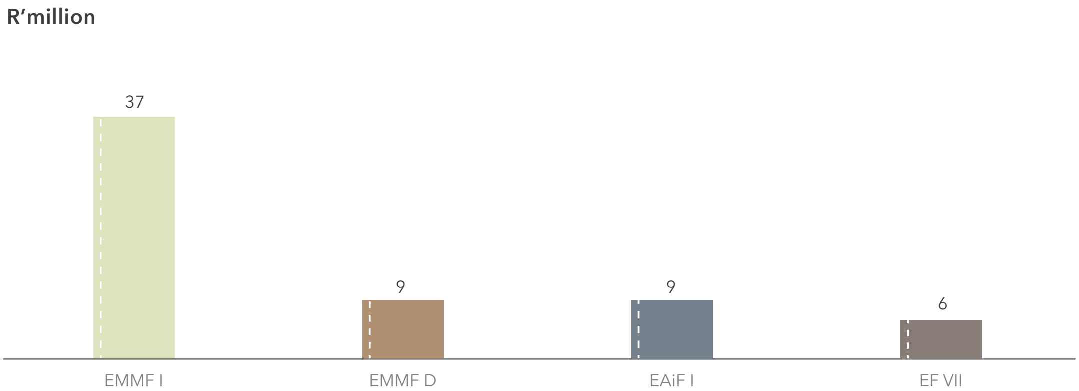
At 31 December 2022, the investment portfolio of the Company consisted of the following investments, which amounted to 96.4% of the total assets:

Investment name	Participation in Ethos Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
EF VII	61	977,468	36.2
EMMF I	39	609,245	22.6
EAiF I	20	174,858	6.5
EHP	13	123,984	4.6
EF VI	<2	62,685	2.3
EMP 3	n/a	22,845	0.8
Co-Investments			
Brait[1]	6	289,098	10.7
Brait EB[1]	6	153,593	5.7
Optasia[1]	1	87,483	3.2
Primedia[2]	4	77,141	2.9
Kevro[3]	9	23,698	0.9
Total invested capital		**2,602,098**	**96.4**

(1) Investment in Ethos Direct Investment Partnership ("EDI"), that co-invested in Brait SE and Optasia
(2) Investment in Primedia Group (Proprietary) Ltd
(3) Investment in Kevro Holdings (Proprietary) Limited, held through EMMF D

Ethos Capital invested R61.5 million during the period into Ethos Funds, largely into EMMF I, EMMF D, EaiF I and EFV II to participate further in CrossFin, Kevro and Echo – more details on the underlying investments are provided on the following page.

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 further investments into four existing Portfolio Companies as detailed below.

In July 2022 and November 2022, EMMF I and EaiF I contributed an aggregate amount of R86.6 million into Crossfin alongside the rest of the consortium to fund growth initiatives within the Crossfin group, as identified at the time of the original investment, and a follow-on investment within the business. Ethos Capital invested R30.6 million via its existing commitments in EMMF I and EAiF I.

Kevro undertook a debt restructuring in August 22 whereby the original investors contributed a further investment to de-gear the business and provide growth capital. Through its existing commitments in EMMF I and EMM Direct, Ethos Capital invested R16.6 million

During December 2022, the Ethos Funds made a further investment into Echo to fund working capital requirements and to strenghten the liquidity position of the group. Ethos Capital invested R11.7 million via its participation in EMMF I and EF VII.

As part of the sale of Retail Capital in December 2022, EAiF I elected to re-invest some of its proceeds for additional shares in TymeBank, thereby increasing Ethos Capital's investment by R2.6 million.

At 31 December 2022, the underlying investments consisted of the following 21 Portfolio Companies and the Brait exchangeable bonds investment:

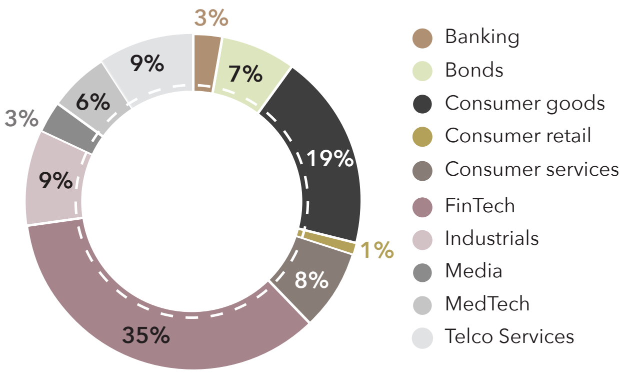
Name	Business description	Year*	% of total assets	Cumulative % of total assets
Optasia	FinTech service provider	2018	28.4	28.4
Premier (Brait)	FMCG manufacturer	2020	10.0	38.4
Virgin Active (Brait)	Health club operator	2020	7.6	46.0
Synerlytic	Specialised analytical and testing services	2019	6.9	52.9
Echo	Corporate ISP	2018	6.9	59.8
Brait EB	Exchangeable bonds	2021	6.8	66.6
Vertice	MedTech	2018	6.0	72.6
CrossFin	FinTech group	2021	5.3	77.9
Gammatek	TMT accessory distribution	2018	5.2	83.1
Primedia	Media	2017	3.0	86.1
TymeBank	Banking	2019	2.3	88.4
Kevro	Corporate clothing and gifting	2017	1.7	90.1
MTN Zakhele Futhi	Telecommunications	2017	1.5	91.6
Eazi Access	Industrial support services	2016	1.1	92.7
Chibuku	Brewing and distribution	2018	0.8	93.5
New Look (Brait)	Multi-channel fast-fashion brand	2020	0.8	94.3
The Beverage Company	Carbonated drinks manufacturer	2017	0.7	95.0
Neopak	Paper and packaging	2015	0.4	95.4
RTT	Logistics	2014	0.3	95.7
Waco International	Industrial support services	2012	0.3	96.0
Twinsaver	Manufacturing (FMCG)	2015	0.2	96.2
Autozone	Automotive parts retailer & wholesaler	2014	0.2	96.4
			96.4	

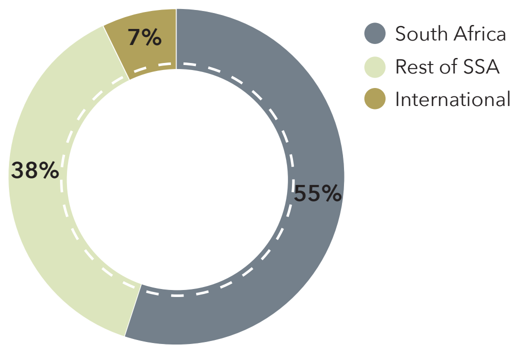
* *Initial acquisition date by Ethos Fund.*

Asset growth

Portfolio Company performance

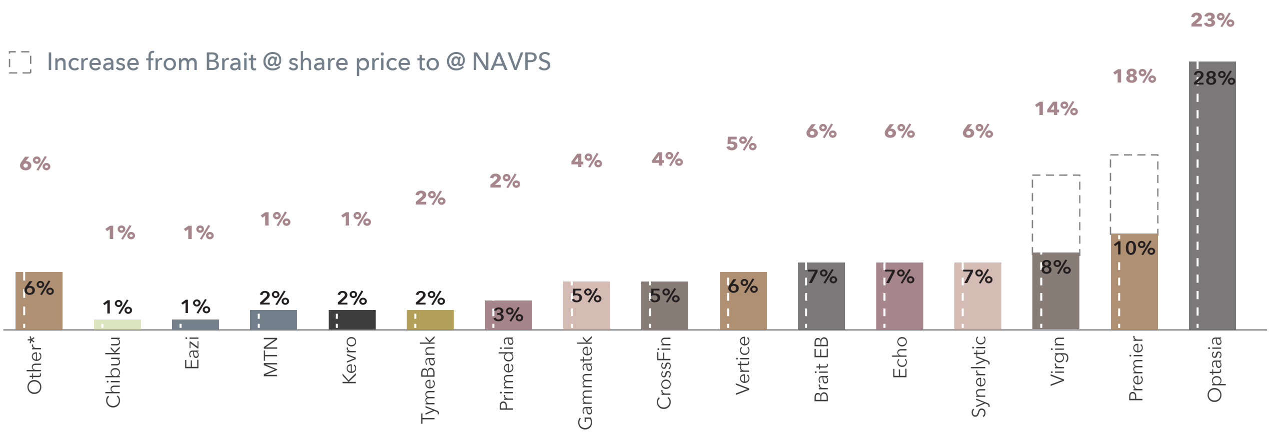
Ethos Capital's investment portfolio at 31 December 2022 has exposure to 21 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of just under R27.0 billion and EBITDA of R3.6 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.





At 31 December 2022, the contribution of each underlying Portfolio Company to the total assets of R2.7 billion, of which the top 10 Portfolio Companies and exchangeable bond investment make up 88% of the total assets, was as per the below. Despite the partial realisation of the Optasia investment in December 2022, it remains a significant asset in the portfolio at 28% of the total asset value wiith Brait at its share price. This is partly as a result of the Company's strong performance and resultant valuation growth, as evidenced by its 6% share of the total assets based on current investment cost. The aggregate Brait portfolio, including the exchangeable bonds, represents 26% of the total portfolio.

TOTAL ASSETS CONTRIBUTION



% of total assets with Brait @ NAVPS (Top 10 and Brait EB = 90%)

% of total assets with Brait @ share price (Top 10 and Brait EB = 88%)

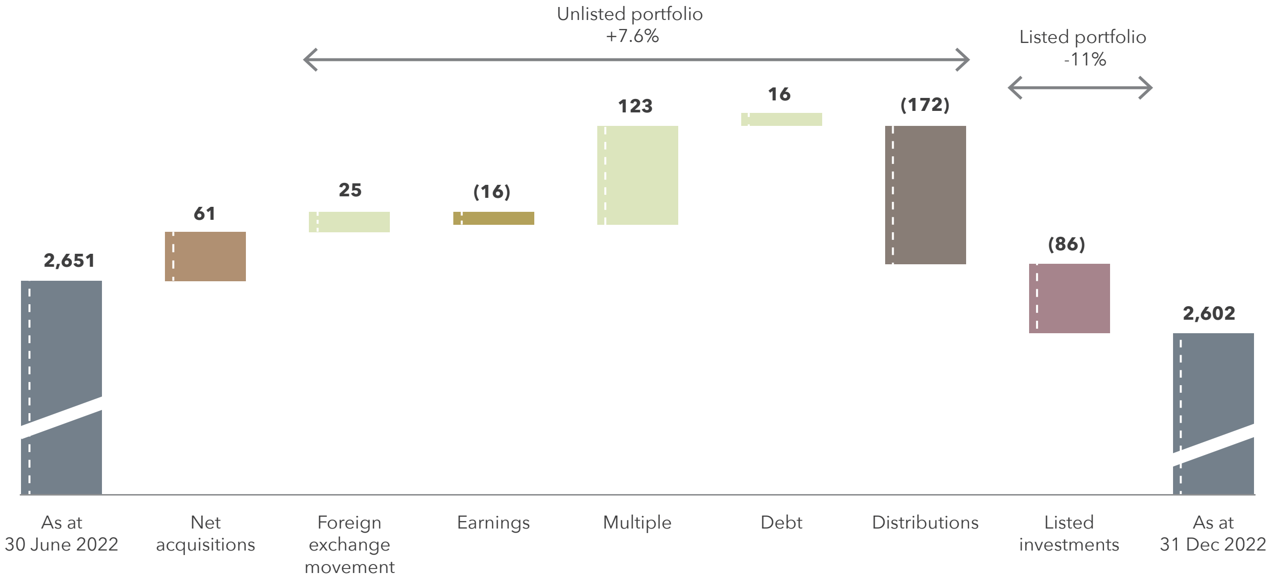
** Including 11 Portfolio Companies and current assets.*

The gross (pre-expenses) return of the unlisted investment portfolio over the period was R148.1 million, delivering a 7.6% return. The return was mainly driven by strong valuation growth achieved in Optasia following the acquisition by a new consortium of a shareholding in the company from existing shareholders at a significant premium to the previous valuation. Based on its share price movements, the listed portfolio was devalued, equating to R92.1 million that was driven by a decrease of 18% and 17% respectively in the prices of the Brait exchangeable bonds and MTN Zakhele Futhi ordinary shares, with a 5% decrease in the Brait ordinary price over the period. In addition, a R6.4 million return was achieved from the coupon received on the Brait exchangeable bonds.

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

- a decrease in attributable maintainable EBITDA resulting in a value decrease of R15.6 million;
- an increase of R122.9 million driven by the implied valuation multiple increase to 8.2x, largely driven by the Optasia revaluation;
- a decrease in sustainable net debt, after adjusting for investment transactions, accounting for a R15.8 million valuation increase; and
- a 4% strengthening of the US$ against the ZAR contributed a revaluation gain of R24.9 million.

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



Optasia's strong performance continued across both its mature and new geographies This was driven by increased advances on airtime credit services ("ACS") with strong contributions from key existing customers, good momentum in mobile financial services ("MFS") from existing and new deployments, and continued improvement of Optasia's risk-based pricing strategy. In December 2022, a consortium led by an existing shareholder acquired 17.5% of the company from existing shareholders at a significant premium to Ethos' EV/EBITDA valuation multiple that has driven up Ethos Capital's valuation at 31 December 2022. Also refer to page 20 in relations to realised proceeds received.

Synerlytic has started to benefit from the upfront investment in people and value creation initiatives over the past year and further post-COVID recoveries. WearCheck has recovered well following a relatively soft start to the financial year. The Particle Group (formerly AMIS Group) has continued to deliver strong operational results, with AMIS and CDN both having a strong start as these businesses cement their position in the CRM space. The Group has maintained the strong growth momentum built in the prior financial year. The CDN acquisition continues to perform materially ahead of the original investment case. The team has focused on building its brand equity and improving the quality of its operations, both of which are delivering results.

Gammatek has has continued to deliver strong results with a significant growth in LTM EBITDA. Sustained demand for digital connectivity has been key in fuelling this growth and the business has benefited from strategic investments in execution capacity with additional sales and operating resources. In addition, the business has invested tactically in stock, allowing it to meet customer demand in a sector faced with inventory shortages.

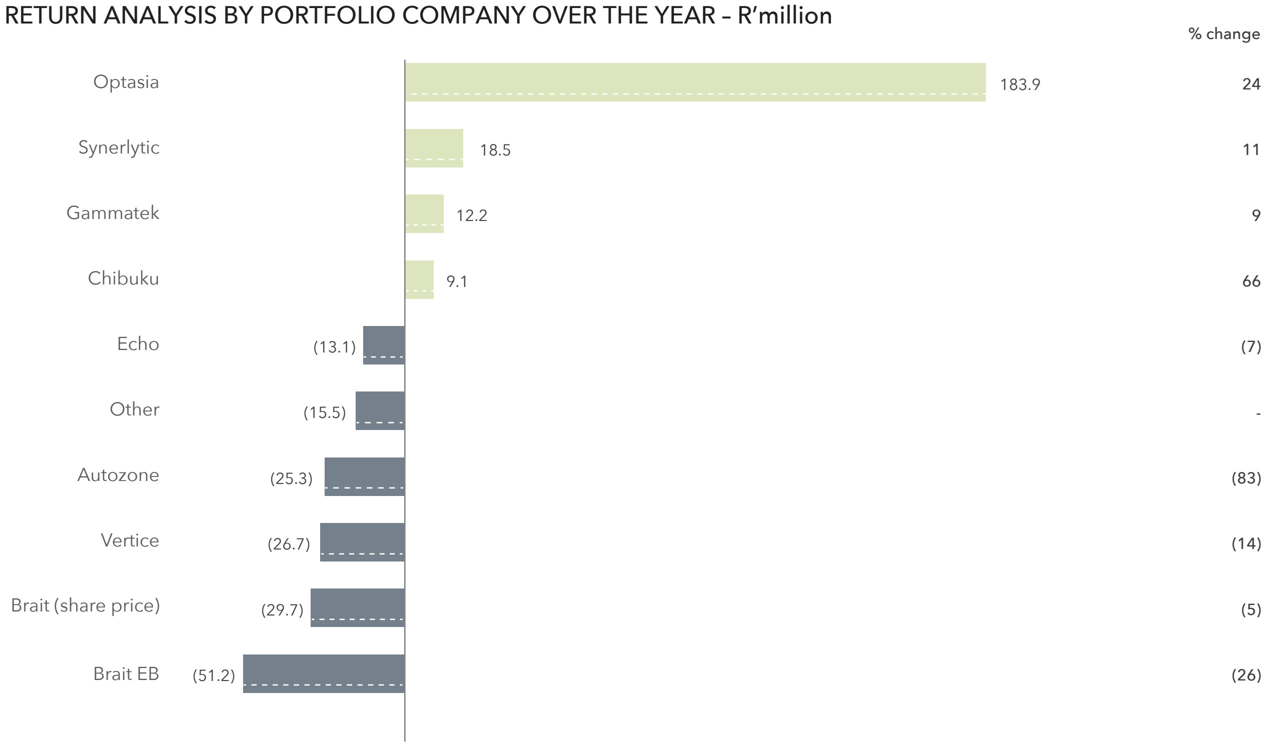
Echo continues to make positive strides relative to prior years with significant revenue growth, underpinned by new customer wins and growth in the existing customer base in both the South African and International businesses. Echo International continues to be negatively affected by long sales cycles (particularly with multinational and wholesale customers) and slow conversion on its pipeline. The management team is focused on exploring organic and inorganic options to return the sub-scale and underperforming International operations to profitability.

Autozone continues to be negatively affected by a competitive and extremely challenging operating environment as a result of higher inflation and interest rate hikes putting pressure on consumer spending. Customers are deferring expenditure on vehicle maintenance and servicing (a category Autozone is significantly exposed to) and when they do service their vehicles they opt to replace or repair critical parts only and/or trade down to white label parts. Management have identified various initiatives to reduce costs and optimise stockholding and product pricing across the portfolio. These initiatives are enabled through investment in systems, and we expect that they will yield a sustainable improvement in trading margin in the coming quarters

Vertice MedTech has underperformed year to date with the larger, specialised businesses performing above expectations while the non-core mid-tier and smaller businesses are underperforming. The decision by international donor funders to reallocate funding from HIV to COVID and reduce their spending and delays in project approval by NGOs in Africa, have had an adverse impact on some business units. The post-COVID easing of restrictions on elective surgeries is ongoing and will benefit the business further in the coming year.

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

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



While the Brait NAVPS increased marginally by 0.4% during the period, largely driven by strong performance from Premier, the Brait share price decreased by 5% during the period.

Premier again delivered a strong performance with EBITDA growth of 16% year-on-year at 30 September 2022, with contributions from all divisions including the synergy benefits of the Mister Sweet acquisition despite the headwinds faced from higher commodity prices. Virgin Active has continued positive momentum in terms of membership growth with New Look delivering solid operational and financial performance despite very difficult economic conditions. The share price of the Brait exchangeable bonds decreased by 18% of the period.

At 31 December 2022, the last 12 months ("LTM"), attributable sales and EBITDA of the Portfolio Companies that are valued on an earnings/revenue-based valuation, increased on an aggregate basis by 15% and 16% respectively. The top five unlisted investments, consisting of Optasia, Synerlytic, Echo, Vertice, and Crossfin (53% of total assets) grew their attributable sales and EBITDA (on an aggregate basis) by 23% and 16% 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 24 of the Notes to the Annual Financial Statements.

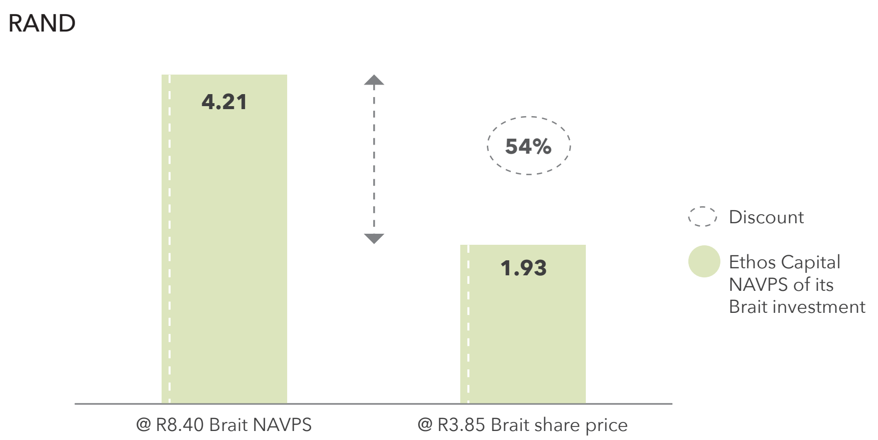
For the majority of the underlying Portfolio Companies the key valuation inputs are the earnings (e.g. EBITDA) or revenue of a Portfolio Company and the relevant multiple that is then applied to these earnings/revenue to determine the EV. Net debt/cash is then subtracted/added to the EV to determine 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/revenue-based valuation basis: Chibuku Products consists of mezzanine financing provided and is based on the fair value of the instrument less any impairment; TymeBank, an investment in an early stage growth company, is valued at the price of the most recent funding rounds; Twinsaver is valued on the sum-of-the-parts of the NAV of its individual business units; 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 2022.

Listed portfolio

The investment in Brait is based on the prevailing share price at 31 December 2022 of R3.85 (30 June 2022: R4.05). The last reported Brait NAVPS, which is based on the above earnings-based valuation methodology, was R8.40 (as at 30 September 2022), resulting in a Brait share price discount to NAVPS of 54%.

The graph below sets out for Ethos Capital, its attributable NAVPS of the Brait investment based on the Brait reported NAVPS of R8.40 and the Brait share price of R3.85.



The Company's investment in the Brait exchangeable bonds are also based on the prevailing share price at 31 December 2022, that reduced to R900 from R1,100 at 30 June 2022.

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 2022 of R19.40 per share (30 June 2022: R23.50).

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA (excluding the listed investments in Brait and MTN Zakhele Futhi and other investments that are not valued on an earnings/revenue-basis) as at 31 December 2022 was R264.6 million and its attributable share of the maintainable net debt was R385.9 million, equating to a net debt/EBITDA multiple of 1.5x (30 June 2022: 1.5x).

Based on the Company's attributable EBITDA and an implied EV/maintainable EBITDA multiple of 8.2x, the EV of the Company's participation in the underlying Portfolio Companies is c. R2.2 billion. The attributable net debt is subtracted to result in a net equity value of c.R1.8 billion, as set out below. The increase in the multiple from 7.7x (30 June 2022) was largely driven by the increased multiple applied to Optasia, following the partial acquisition by a new consortium at a significant premium to the previous applied multiple.

The implied EV/maintainable EBITDA multiple of 8.2x represents a 36% (30 June 2022: 39%) discount to the average EV/maintainable EBITDA multiple for the comparable peer groups of 12.8x. This discount applied to the peer group multiples represents the relevant discounts applied for, inter alia, liquidity, jurisdictional discount, risks and growth outlook.

The implied EV/earnings before interest after taxes (''EBIAT'') (equivalent to a price earnings ratio) of the portfolio was 13.5x.

	31 December 2022 R'million	30 June 2022 R'million
Attributable EBITDA	264.6	290.2
Implied valuation multiple	8.2x	7.7x
Attributable EV	**2,176.6**	**2,244.2**
Less: Attributable debt	(385.9)	(446.9)
Attributable debt multiple	1.5x	1.5x
Attributable equity value	**1,790.7**	**1,797.3**
Add: Other equity investments	811.4	853.3
Total investments	**2,602.1**	**2,650.6**
Carrying value of invested capital per share (Rand)	**10.11**	**10.29**

Based on the Company's share price of R5.65 as at 31 December 2022, the market implied EV/EBITDA was 5.6x and the EV/EBIAT was 9.1x.

	Share price based 30 June 2022 R'million	NAV based 30 June 2022 R'million
Attributable EBITDA	264.6	264.6
Implied valuation multiple	5.5x	8.2x
Implied multiple discount	33%	
Attributable EV	**1,466.7**	**2,176.6**
Less: Attributable debt	(385.9)	(385.9)
Attributable debt multiple	1.5x	1.5x
Attributable equity value	**1,080.9**	**1,790.7**
Add: Other equity investments	786.0	811.4
Total implied/actual investments	**1,866.9**	**2,602.1**
Carrying value of invested capital per share (Rand)	7.25	10.11
Debt (Rand)	(1.60)	(1.60)
NAVPS (Rand)	**5.65**	**8.51**
Invested capital discount	28%	

Realisations

During the six months to 31 December 2022, total proceeds of R214.3 million were realised on behalf of Ethos Capital by the various Ethos Funds, of which R41.9 million was withheld by EF VII to repay some of the outstanding RMB debt facility.

Ethos Capital is indirectly invested in Optasia through its investments in EF VII, EAiF I and EDI. In December 2022, Optasia concluded a transaction whereby a new consortium led by an existing shareholder has acquired a 17.4% stake in Optasia, with an option to increase the stake to 20%. The agreed price was based on a significant EV/EBITDA multiple compared to the 30 June 2022 multiple as used by Ethos in the Optasia valuation, resulting in a significant revaluation at 31 December 2022. Post the transaction, and excluding the option, the Ethos investors' stake decreased from 20.00% to 17.15%. EF VII, EAiF I and EDI received total proceeds of R301.1 million, with Ethos Capital's share being R167.1 million. In addition, Ethos Capital received dividends of R14.9 million in relation to Optasia through the Ethos Funds' investment. This has increased the Company's overall MOIC in relation to its investment in Optasia to 3.0x at 31 December 2022.

Also in December 2022, Crossfin completed the sale of Retail Capital, an alternative lending business within the group, to TymeBank, an existing investment of EAiF I. Ethos MMF I and EAiF I received total implied capital and interest repayments of R55.3 million. Ethos Capital's share of the implied proceeds was R19.6 million. EAiF I elected to exchange some of its proceeds for shares in TymeBank, thereby increasing Ethos Capital's participation by R2.6 million.

Following ongoing strong performance, Gammatek repaid accrued interest on its shareholder loan, with the Company receiving proceeds of R5.0 million during December 2022.

As noted in the prior year, the Company participated in the Brait rights issue and subscribed for exchangeable bonds that have to a coupon of 5%. During the period, coupon repayments were distributed to EF VII and EDI of which the Company's share was R7.4 million.

Finally, Ethos Capital received further proceeds from EF VI of R0.3 million in relation to deferred proceeds from Eaton Towers.

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.

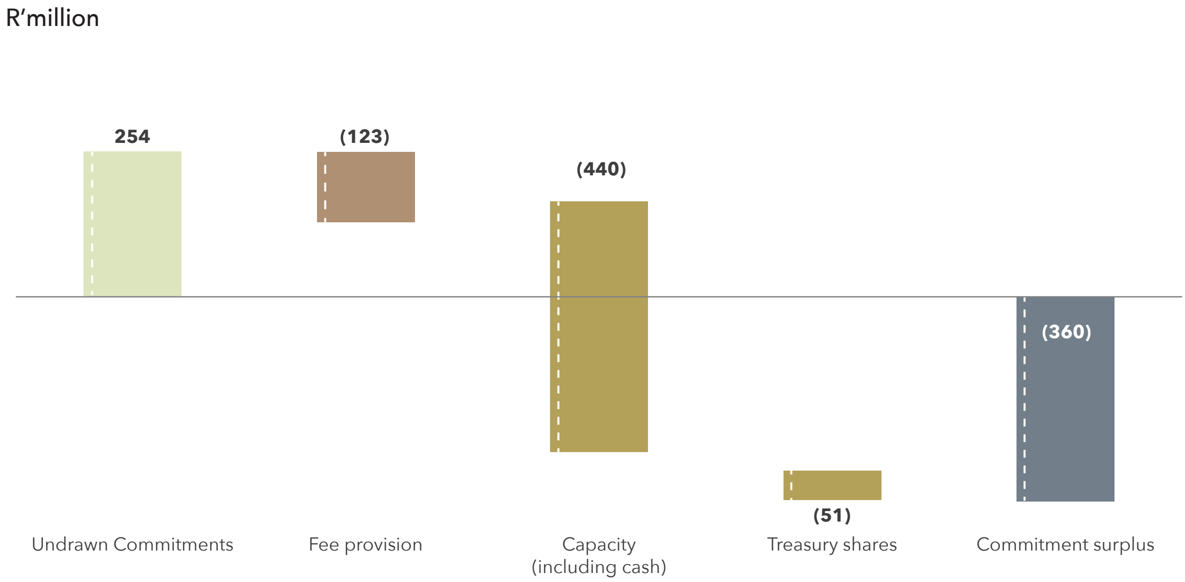
The Company follows an "over-commitment" strategy in respect of the allocation of capital with the aim of optimising the NAVPS returns by utilising appropriate levels of gearing to enhance returns.

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

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

The graph below sets out the assumed unwinding of the current undrawn commitments if drawn at once. The undrawn commitments of each Fund, however, need to allow for quarterly management fees payable (until the exit of the last investment) and typically for a contingency reserve for existing investments, whether for add-ons or unforeseen funding requirements; hence, it is highly unlikely that this reserve (assumed 10% per Fund) balance will be drawn all or in full, and therefore is deducted from the immediate funding requirement. The Company can increase its committed facility to R700 million and draw against the available facility, which will be used to fund any further commitments drawn.

However, based on the current covenant requirements and asset base, the Company can currently only draw an additional amount of R440 million of the facility (assuming the current R450 million committed level will be increased when required) until the current covenant level is reached. In addition, Ethos Capital could elect to sell the treasury shares to support any liquidity requirements. This results in a net implied commitment surplus of R360 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 2022

		Group			Company		
		Unaudited		Audited	Unaudited		Audited
	Notes	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000
Assets							
Non-current assets							
Unlisted investments at fair value	4	2,602,098	2,562,954	2,650,564	2,602,098	2,562,954	2,650,564
Total non-current assets		2,602,098	2,562,954	2,650,564	2,602,098	2,562,954	2,650,564
Current assets							
Other assets and receivables		86,998	5,493	10,876	86,996	5,491	10,874
Income tax receivable		2,974	242	3,318	2,974	242	3,318
Cash and cash equivalents		8,211	6,165	3,117	7,746	5,686	2,651
Total current assets		98,183	11,900	17,311	97,716	11,419	16,843
Total assets		2,700,281	2,574,854	2,667,875	2,699,814	2,574,373	2,667,407
Equity and liabilities							
Capital and reserves							
Issued capital	5	2,291,272	2,291,272	2,291,272	2,426,272	2,426,272	2,426,272
Accumulated losses		(98,860)	(163,089)	(104,344)	(57,931)	(136,704)	(71,562)
Total equity		2,192,412	2,128,183	2,186,928	2,368,341	2,289,568	2,354,710
Non-current liabilities							
Borrowings	6	498,896	431,866	460,485	322,500	270,000	292,235
Total non-current liabilities		498,896	431,866	460,485	322,500	270,000	292,235
Current liabilities							
Other liabilities and payables		8,973	14,805	20,462	8,973	14,805	20,462
Total current liabilities		8,973	14,805	20,462	8,973	14,805	20,462
Total equity and liabilities		2,700,281	2,574,854	2,667,875	2,699,814	2,574,373	2,667,407
Net asset value		2,192,412	2,128,183	2,186,928	2,368,341	2,289,568	2,354,710
Basic net asset value per share (Rand)	13.2	8.51	8.26	8.49	8.74	8.45	8,69
Attributable shares in issue at end of the period/year ('000)	13.2	257,500	257,500	257,500	271,000	271,000	271,000

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Notes	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Revenue							
Changes in fair value of investments through profit or loss	7	36,059	429,678	510,923	36,059	429,678	510,923
Investment income	8	250	554	634	250	550	626
Net fair value gains	9	3	8	11	3	8	11
Total revenue		36,312	430,240	511,568	36,312	430,236	511,560
Expenses							
Administration fees	10.1	(7)	(37)	(43)	(7)	(37)	(43)
Legal and consultancy fees	10.2	(150)	(304)	(582)	(150)	(304)	(582)
Other operating expenses	10.3	(4,562)	(4,148)	(8,277)	(4,561)	(4,146)	(8,258)
Finance costs	10.4	(25,235)	(10,471)	(29,089)	(17,089)	(4,572)	(16,806)
Total expenses		(29,954)	(14,960)	(37,991)	(21,807)	(9,059)	(25,689
Profit before tax		6,358	415,280	473,577	14,505	421,177	485,871
Income tax expense		(874)	(3,487)	(3,039)	(874)	(3,487)	(3,039)
Profit for the period/year		5,484	411,793	470,538	13,631	417,690	482,832
Other comprehensive income for the period/year		–	–	–	–	–	–
Total comprehensive income for the period/year		5,484	411,793	470,538	13,631	417,690	482,832
Earnings per share							
Basic and diluted earnings per share (Rand)	13.1	0.02	1.60	1.82	0.05	1.54	1.78

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 2022

	Group			Company		
	Unaudited Six months ended 31 December 2022			Unaudited Six months ended 31 December 2022		
	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 2022	2,291,272	(104,344)	2,186,928	2,426,272	(71,562)	2,354,710
Total comprehensive income for the period	–	5,484	5,484	–	13,631	13,631
Balance at 31 December 2022	2,291,272	(98,860)	2,192,412	2,426,272	(57,931)	2,368,341
	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
	Audited Year ended 30 June 2022			Audited Year ended 30 June 2022		
	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 year	–	470,538	470,538	–	482,832	482,832
Balance at 30 June 2022	2,291,272	(104,344)	2,186,928	2,426,272	(71,562)	2,354,710

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Notes	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Cash flows from operating activities before investment activities:							
Cash (used in)/from operations	12	(13,890)	6,480	(572)	(13,889)	6,481	(554)
Interest income from cash and bank balances	8	250	65	145	250	61	137
Finance costs paid	10.4	(17,089)	(4,572)	(16,806)	(17,089)	(4,572)	(16,806)
Income tax paid		(530)	(2,826)	(5,454)	(530)	(2,826)	(5,454)
Net cash used in operating activities before investment activities		(31,259)	(853)	(22,687)	(31,258)	(856)	(22,677)
Cash flows from investment activities:							
Net cash flow from non-current investments		6,085	(308,853)	(312,305)	6,085	(308,853)	(312,305)
Payments to acquire non-current investments		(58,894)	(310,403)	(314,302)	(58,894)	(310,403)	(314,302)
Proceeds on disposal of non-current investments		59,858	484	484	59,858	484	484
Interest received		16,571	12,155	14,428	16,571	12,155	14,428
Dividends received		14,884	4,902	25,081	14,884	4,902	25,081
Fee income received		–	–	2,933	–	–	2,933
Withholding tax paid		(2,402)	–	(3,289)	(2,402)	–	(3,289)
Investment-related expenses		(23,932)	(15,991)	(37,640)	(23,932)	(15,991)	(37,640)
Net cash flow from current investments		–	41,285	41,285	–	41,285	41,285
Proceeds on maturities and disposals		–	40,679	40,679	–	40,679	40,679
Interest received		–	606	606	–	606	606
Net cash from/(used in) investment activities		6,085	(267,568)	(271,020)	6,085	(267,568)	(271,020)
Cash used in operating activities		(25,174)	(268,421)	(293,707)	(25,173)	(268,424)	(293,697)
Cash flows from financing activities:							
Proceeds from borrowings		30,265	270,000	292,235	30,265	270,000	292,235
Net cash from financing activities		30,265	270,000	292,235	30,265	270,000	292,235
Net increase/(decrease) in cash and cash equivalents		5,091	1,579	(1,472)	5,092	1,576	(1,462)
Cash and cash equivalents at the beginning of the period/year		3,117	4,578	4,578	2,651	4,102	4,102
Effects of exchange rate changes on the balance of cash held in foreign currencies	9	3	8	11	3	8	11
Total cash and cash equivalents at the end of the period/year		8,211	6,165	3,117	7,746	5,686	2,651

NOTES TO THE SUMMARISED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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		
Various	*Annual improvements to IFRS standards*	1 January 2022
IFRS 3	*Reference to the conceptual framework*	1 January 2022

The standards issued but not yet effective for the financial year ending on 30 June 2023 that might be relevant to the Group and not implemented early, are as follows:

Amendments/Improvements		
IAS 1	*Classification of liabilities as current or non-current – deferral of effective date*	1 January 2023
IFRS 4	*Extension of the temporary exemption from applying IFRS 9*	1 January 2023
IAS 1, IFRS Practice Statement 2	*Disclosure of accounting policies*	1 January 2023
IAS 12	*Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
IAS 8	*Definition of accounting estimates*	1 January 2023

The Directors have assessed the potential impact post the adoption of these standards and amendments on the Group's results and reasonably expect (based on the current assets, liabilities, and operating business model) these to either be not applicable or there to be either no material impact on the measurement or disclosures in the Annual Financial Statements and Summarised 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 2022.

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 14 March 2023.

3.2 Basis of consolidation

In accordance with IFRS 10, the Company continues to meet the definition of an investment entity. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing those investors with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all its investments on a fair value basis.

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.

In accordance with the above, Black Hawk Private Equity (Proprietary) Limited ("Black Hawk") is assessed to be under the control of the Company.

At the Company's inception in 2016, it has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by Rand Merchant Bank ("RMB") to Black Hawk, expiring on 12 February 2025.

The proceeds of the facility, alongside R30 million funded by Black Hawk shareholders, were used by Black Hawk to subscribe for 13.5 million of A Ordinary Shares (representing R135 million at the issue price of R10 per share) on behalf of the shareholders, who are Directors of the Company and members of its Investment Committee. Black Hawk has pledged the 13.5 million shares as security in favour of the Company against the guarantee provided by it. The Company also has a call option to acquire the 13.5 million shares, or a lower number of shares as might be required, to settle any outstanding amount due to RMB. The call option can be exercised only when either or both of the relevant Directors cease to serve on the Investment Committee of the Company.

The effect of consolidating the results of Black Hawk into the Group is to recognise at Group level the outstanding amount payable to RMB at the relevant reporting dates as a long-term liability; the 13.5 million secured shares that are legally owned by Black Hawk and pledged as security are treated as treasury shares of the Group at their par value of R10.00 per share; and to the extent that the par value of the shares, i.e. R135 million exceed the RMB outstanding amount, the excess over the latter is recognised as amounts payable to the Black Hawk shareholders; any deficit to the RMB outstanding amount is recognised as a loss to the Group.

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 Significant accounting policies (continued)

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 or a NAV valuation method.

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 adjusted for factors that are considered to be appropriate and relevant. These adjustments include, but are not limited to, exceptional or non-recurring items, the impact of discontinued activities and acquisitions, and forecast material changes in earnings. 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.

3 Significant accounting policies (continued)

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

A further method is the net asset value basis. This valuation technique involves deriving the value of a business by reference to the value of its net assets, on a fair value basis, and adjusting the value for surplus assets, excess liabilities and financial instruments ranking ahead of the Fund's investment. The resultant attributable equity value is then apportioned to all investors. This method is likely to be appropriate for a company: whose value is derived from its assets, such as an asset intensive business, rather than its earnings; a company that is not making an adequate return on assets and for which a greater value can be realised by selling its assets; or that is in the context of private equity investments, loss-making or only making marginal levels of profits.

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 Summarised Statements of Financial Position, is divided by the number of shares as disclosed in note 5. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at the period-end and 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 Summarised Statements of Cash flows. Any other investment strategy not included in the above mentioned asset categories will be classified and recognised as investing activities in the Summarised 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 2022, the Group had the following investments:

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000
Investments held at fair value through profit or loss:						
Carrying amounts of:						
Unlisted investments	2,602,098	2,562,954	2,650,564	2,602,098	2,562,954	2,650,564
	2,602,098	2,562,954	2,650,564	2,602,098	2,562,954	2,650,564
Comprising:						
Cost	2,801,643	2,900,369	2,904,268	2,801,643	2,900,369	2,904,268
Unrealised capital revaluation at the end of the period/year	(468,760)	(554,526)	(499,613)	(468,760)	(554,526)	(499,613)
Accrued income	269,215	217,111	245,909	269,215	217,111	245,909
	2,602,098	2,562,954	2,650,564	2,602,098	2,562,954	2,650,564

4 Unlisted investments at fair value (continued)

The investments consisted of the following nine investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 31 Dec 2022 %	Cost 31 Dec 2022 R'000	Valuation 31 Dec 2022 R'000	Income distributions received 31 Dec 2022 R'000	Devaluation 31 Dec 2022 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII[1]	61	717,260	977,468	15,271	–
EMMF I[2]	39	724,933	609,245	8,289	(115,688)
EDI[3]	1 – 6	789,186	530,174	6,022	(259,012)
EAiF I[4]	20	98,494	174,858	1,873	–
EHP[5]	13	96,153	123,984	–	–
Primedia Holdings (Pty) Ltd	4	144,248	77,141	–	(67,107)
EF VI[6]	<2	93,576	62,685	–	(30,891)
EMM Direct[7]	9	119,678	23,698	–	(95,980)
EMP 3[8]	n\a	18,115	22,845	–	–
		2,801,643	2,602,098	31,455	(568,678)

[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.*

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	61	804,587	907,532	15,014	–
EMMF I	39	700,444	603,771	–	(96,673)
EDI	1 – 6	808,462	587,060	3,634	(221,402)
EAiF I	20	101,077	164,191	1,162	–
EHP	13	96,153	140,822	–	–
Primedia Holdings (Pty) Ltd	4	144,247	66,975	–	(72,272)
EF VI	<2	94,237	62,547	160	(31,690)
EMM Direct	9	110,891	19,443	–	(91,448)
EMP 3	n/a	18,115	10,613	–	(7,502)
Ster Kinekor Theatres (Pty) Ltd	4	22,157	–	–	(22,157)
		2,900,369	2,562,954	19,970	(548,143)

4 Unlisted investments at fair value (continued)

Group and Company	Participation in Ethos Funds/ Co-Investments 30 June 2022 %	Cost 30 June 2022 R'000	Valuation 30 June 2022 R'000	Income distributions received 30 June 2022 R'000	Devaluation 30 June 2022 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
EF VII	61	804,587	970,104	24,363	–
EMMF I	39	700,444	606,912	6,690	(93,532)
EDI	1 – 6	808,462	579,086	8,406	(229,376)
EHP	20	104,227	177,898	1,713	–
EAiF I	13	96,152	144,446	–	–
Primedia Holdings (Pty) Ltd	4	144,247	73,039	–	(71,208)
EF VI	<2	94,987	65,846	908	(29,141)
EMM Direct	9	110,890	19,442	–	(91,448)
EMP 3	n/a	18,115	13,791	362	(4,324)
Ster Kinekor Theatres (Pty) Ltd	4	22,157	–	–	(22,157)
		2,904,268	2,650,564	42,442	(541,186)

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 majority of these devaluations originated from 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. This also had an impact on the share price of some of the listed investments.

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 2022, the underlying investments (Portfolio Companies) of the above Funds constituting 96.4% of the total assets, consisted of the following 21 Portfolio Companies and the investment in exchangeable bonds:

Company

Name	Fund or type	Economic interest %	Business description/sector	Percentage of total assets 31 Dec 2022 %	Percentage of total assets 31 Dec 2021 %	Percentage of total assets 30 June 2022 %
Optasia	EF VII/EAiF I/EDI	7.4	FinTech service provider	28.4	26.1	28.7
Premier (Brait)	EF VII/EDI	9.5	FMCG manufacturer	10.0	10.9	9.7
Virgin Active (Brait)	EF VII/EDI	6.6	Health club operator	7.6	10.4	8.7
Synerlytic	EMMF I	37.3	Specialised analytical and testing services	6.9	6.5	6.3
Echo	EMMF I/EF VII	33.5	Corporate ISP	6.9	7.3	7.0
Other (Brait)	EF VII/EDI	9.8	Exchangeable bonds	6.8	6.6	7.5
Vertice	EHP/EAiF I/EF VI	17.4	MedTech	6.0	7.0	7.1
Crossfin	EMMF I/EAiF I	11.8	Fintech Group	5.3	4.8	5.2
Gammatek	EMMF I	20.1	TMT accessory distribution	5.2	4.7	5.0
Primedia	EF VI/Direct	4.7	Media	3.0	2.8	2.9
TymeBank	EAiF I	0.7	Banking	2.3	2.4	2.3
Kevro	EMMF I/EMM Direct	9.2	Corporate clothing and gifting	1.7	1.4	1.4
MTN Zakhele Futhi	EMMF I	1.7	Telecommunications	1.5	2.6	1.9
Eazi Access	EF VI/EMMF I	4.9	Industrial support services	1.1	1.0	1.1
Chibuku	EMP 3	n/a	Brewing and distribution	0.8	0.4	0.5
New Look (Brait)	EF VII/EDI	1.8	Multi-channel fast-fashion brand	0.8	0.9	0.7
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.7	0.7	0.7
Neopak	EF VI	1.4	Paper and packaging	0.4	0.3	0.3
RTT	EF VI	0.7	Logistics	0.3	0.3	0.3
Waco International	EF VI	0.3	Industrial support services	0.3	0.2	0.3
Twinsaver	EF VI/EMMF I	7.5	FMCG manufacturer	0.2	0.2	0.2
Autozone	EF VI/EMMF I	8.3	Automotive parts retailer & wholesaler	0.2	1.5	1.1
Consol Glass (Brait)	EF VII/EDI	0.3	Manufacturer of glass packaging	n/a	0.5	0.5
Ster Kinekor	EF VI/Direct	4.7	Media (entertainment)	n/a	–	–
				96.4	99.5	99.4

5 Issued capital

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31 Dec 2022 Number	31 Dec 2021 Number	30 June 2022 Number	31 Dec 2022 Number	31 Dec 2021 Number	30 June 2022 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.

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.

5 Issued capital (continued)

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 13), 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 13.

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 11, the 13.5 million secured A Ordinary Shares that are legally owned by Black Hawk and pledged as security, are treated as treasury shares of the Group at their par value of R10.00 per share.

6 Borrowings

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2021 R'000
Secured – at amortised cost:						
Revolving credit facility	322,500	270,000	292,235	322,500	270,000	292,235
Unsecured – at amortised cost:						
Loan facility	176,396	161,866	168,250	–	–	–
	498,896	431,866	460,485	322,500	270,000	292,235
Non-current	498,896	431,866	460,485	322,500	270,000	292,235
	498,896	431,866	460,485	322,500	270,000	292,235

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 4.0% margin.

6 Borrowings (continued)

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 2022. 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.

7 Changes in fair value of investments through profit or loss

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Income:						
Interest accrued and received on unlisted investments	35,850	27,495	67,373	35,850	27,495	67,373
Dividends accrued and received on unlisted investments	18,911	20,046	31,418	18,911	20,046	31,418
Fee income received	–	2,913	2,933	–	2,913	2,933
	54,761	50,454	101,724	54,761	50,454	101,724
Net gain arising on changes in the fair value of investments	7,286	395,215	450,128	7,286	395,215	450,128
Reversal of prior years' fair value losses on disposal	23,567	–	–	23,567	–	–
Losses on realisation of investments	(23,221)	–	–	(23,221)	–	–
	7,632	395,215	450,128	7,632	395,215	450,128
Tax expenses:						
Withholding tax	(2,402)	–	(3,289)	(2,402)	–	(3,289)
	(2,402)	–	(3,289)	(2,402)	–	(3,289)
Expenses:						
Ethos fees	(16,337)	(13,934)	(28,504)	(16,337)	(13,934)	(28,504)
Fund formation fees	–	(45)	–	–	(45)	–
Expenses relating to the acquisition of investments	–	(13)	–	–	(13)	–
Finance costs	(6,650)	(1,987)	(8,204)	(6,650)	(1,987)	(8,204)
Other Fund operating expenses	(945)	(12)	(932)	(945)	(12)	(932)
	(23,932)	(15,991)	(37,640)	(23,932)	(15,991)	(37,640)
	36,059	429,678	510,923	36,059	429,678	510,923

8 Investment income

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Income:						
Interest from money market investments	–	489	489	–	489	489
Interest from cash and bank balances	250	65	145	250	61	137
	250	554	634	250	550	626
Analysis of investment income by category of asset:						
Interest earned from assets designated at fair value through profit or loss	–	489	489	–	489	489
Loans and receivables (including cash and bank balances)	250	65	145	250	61	137
	250	554	634	250	550	626

9 Net fair value gains

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Unrealised:						
Net foreign exchange gains on conversion of cash and cash equivalents	3	8	11	3	8	11
Net fair value gains	3	8	11	3	8	11

10 Profit before tax

Profit before tax has been arrived at after charging:

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
10.1 Administration fees						
Administration fee – Ethos	7	19	25	7	19	25
Administration fee – Ashburton	–	18	18	–	18	18
	7	37	43	7	37	43
10.2 Legal and consultancy fees						
Professional advisors' fees	150	304	582	150	304	582
	150	304	582	150	304	582
10.3 Other operating expenses						
Company secretarial, accounting and other administration fees	305	249	421	304	249	421
Directors' emoluments	2,307	2,200	4,434	2,307	2,200	4,434
Auditors' remuneration	740	702	1,271	740	702	1,271
Insurance costs	192	167	352	192	167	352
Sponsor and listing-related fees	396	367	762	396	367	762
Publication costs	283	–	582	283	–	582
Other expenses	339	463	455	339	461	436
	4,562	4,148	8,277	4,561	4,146	8,258
10.4 Finance costs						
Secured:						
Interest on revolving credit facility	16,426	1,528	12,788	16,426	1,528	12,788
Fees on revolving credit facility	663	3,044	4,018	663	3,044	4,018
Total amount paid	17,089	4,572	16,806	17,089	4,572	16,806
Unsecured:						
Interest on loan facility	8,146	5,899	12,283	–	–	–
Total amount accrued	8,146	5,899	12,283	–	–	–
	25,235	10,471	29,089	17,089	4,572	16,806

11 Capital commitments and guarantees

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000
Undrawn capital commitments:						
Consisting of unlisted investments in:						
EMMF I[(1)]	189,930	211,105	212,215	189,930	211,105	212,215
EAiF I[(2)]	51,222	49,090	45,632	51,222	49,090	45,632
EF VI[(3)]	13,247	12,649	13,017	13,247	12,649	13,017
	254,399	272,844	270,864	254,399	272,844	270,864
Guarantee:						
RMB loan facility	–	–	–	176,396	161,866	168,250
	–	–	–	176,396	161,866	168,250
Total commitments and guarantees	254,399	272,844	270,864	430,795	434,710	439,114

(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 (R170 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 2022. 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 R76,275,000 at 31 December 2022. In the event that the guarantee was called at 31 December 2022, the Company would have been required to settle the outstanding RMB facility for an amount of R176,396,000.

At the consolidated Group level, the full impact of the potential repurchase of the pledged shares and subsequent settlement of the net loan facility outstanding has been recognised in the Summarised Statement of Financial Position.

The Board regularly monitors the Company's liquidity and NAV forecast, using a detailed model that forecasts potential capital calls from the Funds, operating expenses, and the timing and quantum of Fund distributions from expected Portfolio Company realisations. Based on the current forecast, no credit losses are expected in respect of the guarantee provided against the loan facility at its maturity date on 12 February 2025.

12 Notes to the Statements of Cash Flows

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Cash flows from operating activities before investment activities:						
Profit before tax for the period/year	6,358	415,280	473,577	14,505	421,177	485,871
Adjustments for:						
Investment income recognised in profit	(55,011)	(48,095)	(102,358)	(55,011)	(48,091)	(102,350)
Withholding tax on investments	2,402	–	3,289	2,402	–	3,289
Investment-related expenses	23,932	15,991	37,640	23,932	15,991	37,640
Gains from fair value adjustments	(30,853)	(395,215)	(450,128)	(30,853)	(395,215)	(450,128)
Losses on disposal of investments	23,221	–	–	23,221	–	–
Net foreign exchange gains	(3)	(8)	(11)	(3)	(8)	(11)
Finance costs recognised in profit	25,235	10,471	29,089	17,089	4,572	16,806
	(4,719)	(1,576)	(8,902)	(4,718)	(1,574)	(8,883)
Movements in working capital	(9,171)	8,056	8,330	(9,171)	8,055	8,329
Decrease/(increase) in trade and other receivables	2,318	5,342	(41)	2,318	5,341	(42)
(Decrease)/increase in other liabilities and payables	(11,489)	2,714	8,371	(11,489)	2,714	8,371
Cash (used in)/from operations	(13,890)	6,480	(572)	(13,889)	6,481	(554)

13 Earnings and NAVPS

As detailed in note 5, 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.

13 Earnings and NAVPS (continued)

13.1 Earnings and headline earnings per share

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000	Six months ended 31 Dec 2022 R'000	Six months ended 31 Dec 2021 R'000	Year ended 30 June 2022 R'000
Total comprehensive income attributable to ordinary shareholders	5,484	411,793	470,538	13,631	417,690	482,832
Reconciliation of basic earnings to headline earnings:						
Total comprehensive income attributable to ordinary shareholders	5,484	411,793	470,538	13,631	417,690	482,832
Reconciling items	–	–	–	–	–	–
Headline earnings for the period/year	5,484	411,793	470,538	13,631	417,690	482,832
	'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)	0.02	1.60	1.82	0.05	1.54	1.78
Basic and diluted headline earnings per share (Rand)	0.02	1.60	1.82	0.05	1.54	1.78

13.2 Basic net asset value per share

	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000	31 Dec 2022 R'000	31 Dec 2021 R'000	30 June 2022 R'000
Net asset value	2,192,412	2,128,183	2,186,928	2,368,341	2,289,568	2,354,710
	'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)	8.51	8.26	8.49	8.74	8.45	8.69

14 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 2022 as related parties.

15 Financial risk factors and instruments

15.1 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 2022.

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 2022	**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	2,602,098	–	2,602,098	–
Other assets and receivables	–	86,998	–	86,996
Income tax receivable	–	2,974	–	2,974
Cash and cash equivalents	–	8,211	–	7,746
Financial liabilities:				
Borrowings	–	498,896	–	322,500
Other liabilities and payables	–	8,973	–	8,973
Guarantee:				
RMB bank loan	–	–	–	176,396

15 Financial risk factors and instruments (continued)

15.1 Overview (continued)

At 30 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
Guarantee:				
RMB bank loan	–	–	–	161,866

	Group		Company	
At 30 June 2022	**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	2,650,564	–	2,650,564	–
Other assets and receivables	–	10,876	–	10,874
Income tax receivable	–	3,318	–	3,318
Cash and cash equivalents	–	3,117	–	2,651
Financial liabilities:				
Borrowings	–	460,485	–	292,235
Other liabilities and payables	–	20,462	–	20,462
Guarantee:				
RMB bank loan	–	–	–	168,250

15 Financial risk factors and instruments (continued)

15.2 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.

15.3 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.

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

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

15.4 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.

15 Financial risk factors and instruments (continued)

15.4 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	721,629	–	1,880,469	2,602,098
At 31 December 2022	721,629	–	1,880,469	2,602,098

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	772,884	–	1,877,680	2,650,564
At 30 June 2022	772,884	–	1,877,680	2,650,564

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.

15 Financial risk factors and instruments (continued)

15.4 Fair value classification of investments (continued)

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

	Unlisted investments		
Group and Company	**31 Dec 2022 R'000**	**31 Dec 2021 R'000**	**30 June 2022 R'000**
Non-current assets:			
Opening balance	1,877,680	1,425,077	1,425,077
Acquisitions	61,485	139,744	143,643
Realisations at 30 June 2022 carrying value	(191,148)	(543)	(8,342)
Net gains included in the Statements of Comprehensive Income	132,452	178,182	317,302
	1,880,469	1,742,460	1,877,680

15.5 Sensitivity of the fair values to unobservable inputs

15.5.1 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 2022.

	Group and Company		Group	Company	Group and Company
At 31 December 2022			NAVPS		**Fair value adjustment**
Investments	**R'000**	**% change**	**Rand**	**Rand**	**R'000**
NAV:					
EF VII	977,468	±10	±0.38	±0.36	±97,749
EMMF I	609,245	±10	±0.24	±0.22	±60,925
EDI	530,174	±10	±0.21	±0.20	±53,017
EAiF I	174,858	±10	±0.07	±0.06	±17,486
EHP	123,984	±10	±0.05	±0.05	±12,398
EF VI	62,685	±10	±0.02	±0.02	±6,269
EMM Direct	23,698	±10	±0.01	±0.01	±2,370
EMP 3	22,845	±10	±0.01	±0.01	±2,285

15 Financial risk factors and instruments (continued)

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

15.5.1 Fund investments – NAV based (continued)

	Group and Company		Group	Company	Group and Company
At 31 December 2021			NAVPS		Fair value adjustment
Investments	**R'000**	**% change**	**Rand**	**Rand**	**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

	Group and Company		Group	Company	Group and Company
At 30 June 2022			NAVPS		Fair value adjustment
Investments	**R'000**	**% change**	**Rand**	**Rand**	**R'000**
NAV:					
EF VII	970,104	±10	±0.38	±0.36	±97,010
EMMF I	606,912	±10	±0.24	±0.22	±60,691
EDI	579,086	±10	±0.22	±0.21	±57,909
EHP	144,446	±10	±0.06	±0.05	±14,445
EAiF I	177,898	±10	±0.07	±0.07	±17,790
EF VI	65,846	±10	±0.03	±0.02	±6,585
EMM Direct	19,442	±10	±0.01	±0.01	±1,944
EMP 3	13,791	±10	±0.01	±0.01	±1,379

15 Financial risk factors and instruments (continued)

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

15.5.2 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 2022, are as follows:

		Group and Company		
Methodology	**Category**	**31 Dec 2022 R'000**	**31 Dec 2021 R'000**	**30 June 2022 R'000**
Non-earnings based:				
Fair value – early-stage investment	Unlisted private equity	61,899	60,711	61,179
Fair value – par value plus coupon	Unlisted mezzanine	22,845	10,613	13,791
Fair value – tangible net asset value	Unlisted private equity	5,125	–	5,430
Earnings based:				
Fair value – earnings based	Unlisted private equity	1,790,600	1,671,136	1,797,280
		1,880,469	1,742,460	1,877,680

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.

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 2022, 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.

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Non-earnings based (continued)

Fair value – par value plus coupon *(continued)*

	Group and Company	Group	Company	Group and Company
		NAVPS		
At 31 December 2022	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	±0.01	±0.01	1,958
At 31 December 2021	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	+5%	–	–	±555
At 30 June 2022	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	–	–	±923

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Non-earnings based (continued)

Fair value – tangible net asset value

The fair value is derived from the sum-of-the-parts of the tangible net assets of the investment. An increase or decrease in the net assets of the company, will have a direct impact on the net asset value of the Fund.

	Group and Company	Group	Company	Group and Company
		NAVPS		
At 31 December 2022	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Net asset value	±10	–	–	±513
		NAVPS		
At 30 June 2022	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Net asset value	±10	–	–	±543

Earnings based

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

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

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

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

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

The analysis below aims to demonstrate, where relevant, the impact that a potential change in a level 3 unobservable input (maintainable EBITDA, maintainable net debt or the EBITDA valuation multiple) might have on the aggregate fair value of the respective Fund categories and NAVPS of the Group and Company at 31 December 2022, 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 33), including the Co-Investments that are made alongside the Funds, reflecting the monitoring levels of the Board.

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

	Group and Company			Group	Company	Group and Company
At 31 December 2022	**R'000**	**EBITDA multiple**	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
EF VI and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	45,000	6.3x	±10	±0.11	±0.11	±28,550
Attributable Net debt	67,000	n/a	±10	∓0.03	∓0.02	∓6,500
EF VII and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	87,000	10.8x	±10	±0.35	±0.33	±90,360
Attributable Net debt	56,000	n/a	±10	∓0.04	∓0.03	∓9,200
EMMF I and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	110,000	7.2x	±10	±0.32	±0.31	±83,200
Attributable Net debt	179,000	n/a	±10	∓0.05	∓0.05	∓13,900

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

At 30 June 2022	**R'000**	**EBITDA multiple**	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
EF VI and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	47,000	6.4x	±10	±0.13	±0.12	±32,480
Attributable Net debt	58,000	n/a	±10	∓0.01	∓0.01	∓3,400
EF VII and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	96,000	9.1x	±10	±0.32	±0.31	±83,660
Attributable Net cash	9,000	n/a	±10	±0.01	±0.01	±2,800
EMMF I and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	126,000	7.3x	±10	±0.35	±0.33	±89,380
Attributable Net debt	317,000	n/a	±10	∓0.13	∓0.13	∓34,300

15 Financial risk factors and instruments (continued)

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

15.5.2 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 2022, 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 2022	**R'000**	**EBITDA multiple**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:						
Attributable EBITDA / Implied EBITDA valuation multiple	23,000	7.0x	±10	±0.06	±0.06	±16,241
Attributable Net debt	84,000	n/a	±10	∓0.03	∓0.03	∓8,259
At 31 December 2021	**R'000**	**EBITDA multiple**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:						
Attributable EBITDA / Implied EBITDA valuation multiple	22,000	7.2x	±10%	±0.06	±0.06	±15,798
Attributable Net debt	91,000	n/a	±10%	∓0.04	∓0.03	∓9,100
At 30 June 2022	**R'000**	**EBITDA multiple**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:						
Attributable EBITDA / Investment EBITDA valuation multiple range	21,000	7.2x	±10	±0.07	±0.07	±17,959
Attributable Net debt	81,000	n/a	±10	∓0.02	∓0.02	∓5,261

16 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 2022.

CORPORATE INFORMATION

Directors

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

Senior Advisors (Officers)

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

Investment Advisor

Ethos Private Equity (Pty) Limited
35 Fricker Road
Illovo
Johannesburg, 2196

Company Secretary and registered office

Ocorian Corporate Services (Mauritius) Limited
6th Floor, Tower A
1 Cybercity
Ebene
Mauritius

Auditors

Deloitte & Touche
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Johannesburg
2090

Listing

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

Transfer Secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
Johannesburg, 2196

EPE CAPITAL PARTNERS Ltd ("ETHOS CAPITAL" OR "THE COMPANY") INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL ISIN: MU0522S00005 SHARE CODE: EPE

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