23

INTEGRATED ANNUAL REPORT

for the year ended
30 June 2023

ETHOS
CAPITAL

CONTENTS

INTRODUCTION

INTRODUCTION

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is an investment holding company, registered and incorporated in Mauritius and listed on the Johannesburg Stock Exchange Ltd ("JSE"). It invests directly into Funds or Co-Investments which give the Company largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies").

Ethos Private Equity (Pty) Limited ("Ethos"), a leading alternative asset management firm in Africa, has acted as the Company's Investment Advisor since July 2016 and in addition, has managed all the Funds that the Company invests in.

On 1 April 2023, Ethos completed its merger with The Rohatyn Group ("TRG Group"), a specialised global asset management firm focused on investment solutions in emerging markets and real assets that is headquartered in New York. Rohatyn Management South Africa Proprietary Limited ("TRG SA") will assume responsibility as the sole Investment Advisor to Ethos Capital once it is licensed as a financial services provider, but in the interim, will act together with Ethos (as its juristic representative) through a combination of different arrangements. All key members of the previous Ethos investment team transferred their employment to TRG SA.

Ethos Capital will continue to hold its investments in the Ethos Funds (largely renamed TRG SA Funds) on the previous terms. Unless specifically noted otherwise, references throughout this report to "TRG" refers individually and collectively to Ethos, TRG Group and TRG SA.

References in this report to "The Group" refers to the consolidated results of Ethos Capital and its controlled entity.

Scope of the Integrated Annual Report

This Integrated Annual Report combines the financial and non-financial information of Ethos Capital for the financial year ended 30 June 2023. The Integrated Annual Report adheres to the requirements of the Mauritius Companies Act, Act No. 15 of 2001 ("the Mauritius Companies Act") and the JSE Listings Requirements ("Listings Requirements") and uses the recommendations of the King Report on Corporate Governance™ for South Africa, 2016 ("King IV")[1].

External assurance

The Ethos Capital Board of Directors ("Board") has drawn assurance on the Integrated Annual Report from the external auditor, Deloitte & Touche South Africa, through its audit of the Annual Financial Statements and its report to shareholders on page 77 of the Annual Financial Statements.

The Integrated Annual Report has been reviewed by the Audit and Risk Committee and approved by the Board, and signed by Yvonne Stillhart and Kevin Allagapen on behalf of the Board.

The Board does not consider it necessary to seek any further external assurance on the Integrated Annual Report.

Materiality

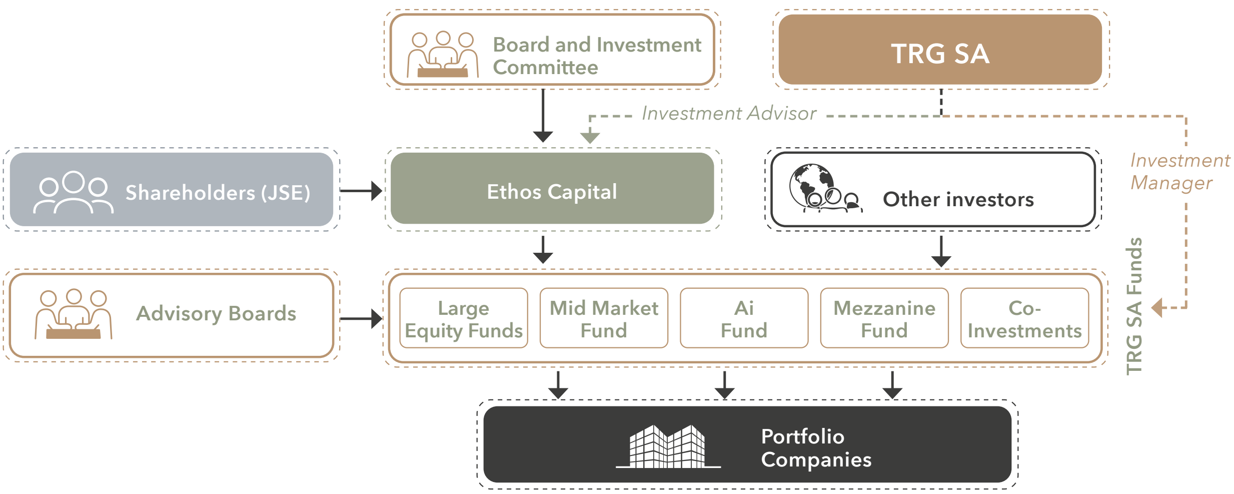
The Board is responsible for the process of determining how best to disclose the performance of the Group in a transparent manner. The performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS") of the Group and the Board has adopted the NAVPS as the relevant measure for trading statement purposes. The Board has considered all material aspects it is aware of and that are material in the context of the performance of the Group. These material items are included in the Integrated Annual Report.

Reported currency

Unless otherwise stated, all amounts presented in the Integrated Annual Report are presented in South African Rand ("ZAR" or "R").

Forward-looking statements

The Integrated Annual Report may contain statements regarding the future expected financial position and results of the Group, which involve risk and uncertainty. These forward-looking statements have not been reviewed or reported on by the Company's auditor.



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FINANCIAL AND OPERATIONAL HIGHLIGHTS

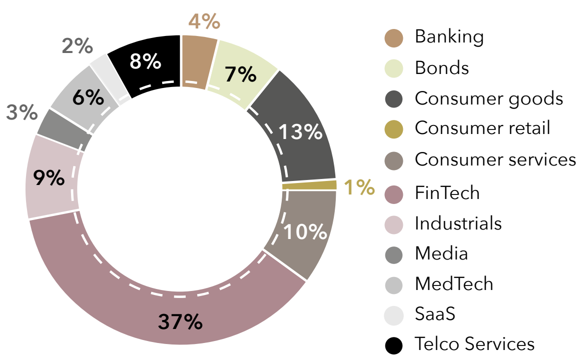
A year of global and local economic headwinds but with some encouraging underlying portfolio improvements and realisations

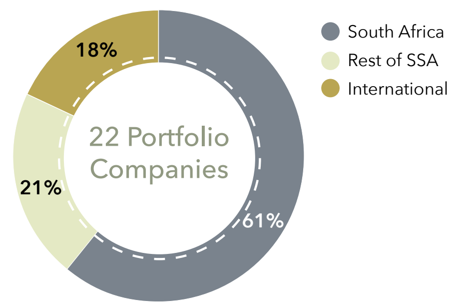
R2.7 billion carrying value of invested capital and NAVPS of R10.42 (Brait at fully diluted NAVPS) and R8.56 (Brait at share price)

R268 million proceeds received during the year, including partial sale of Optasia with the MOIC[1] increasing to 3.1x

[1] *Multiple on Invested Capital*

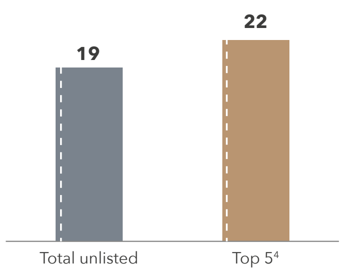
a well-diversified portfolio by sector and geography



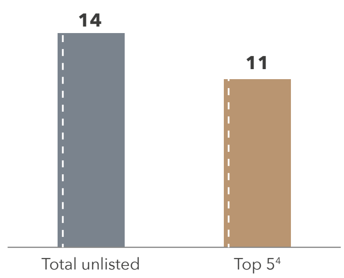


that demonstrated resilience to improve the operating and financial performance

LTM attributable revenue growth[2] of unlisted portfolio[3] – %



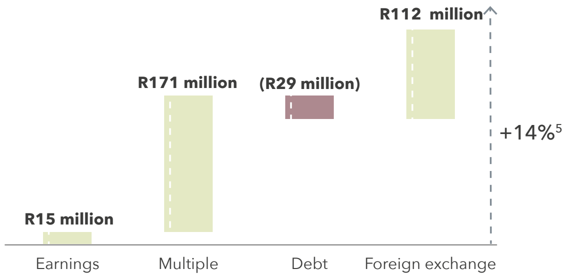
LTM attributable EBITDA growth[2] of unlisted portfolio[3] – %



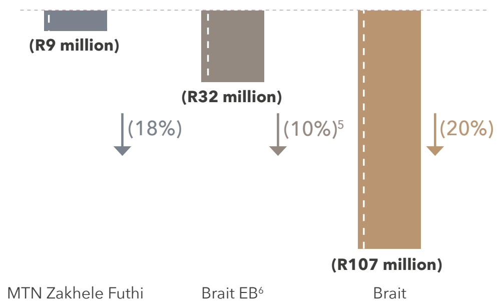
[2] *On an aggregate basis*
[3] *Companies that were valued on an earnings/revenue basis.*
[4] *57% of total assets.*

that has driven up unlisted valuations, but with significant devaluations from the public markets

UNLISTED PORTFOLIO VALUATION MOVEMENTS

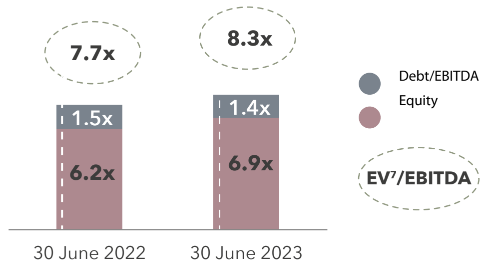


LISTED PORTFOLIO VALUATION MOVEMENTS

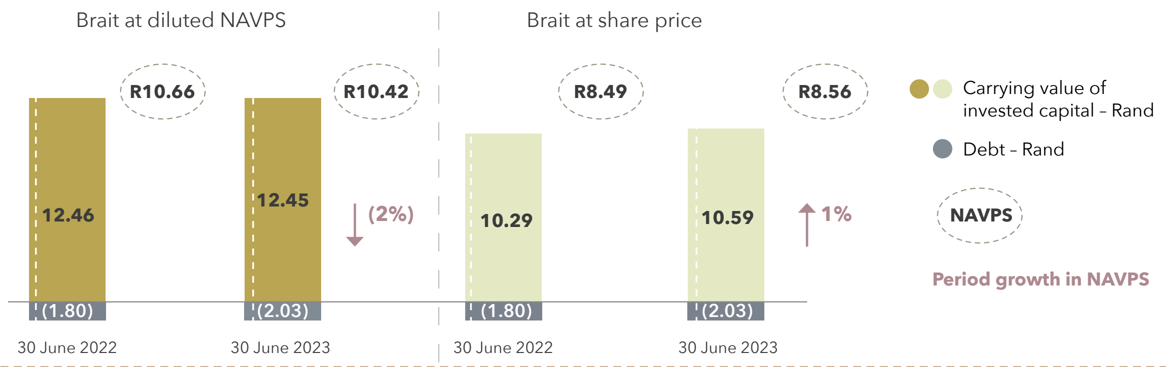


with an increase in valuation multiples due to the Optasia transaction

UNLISTED PORTFOLIO

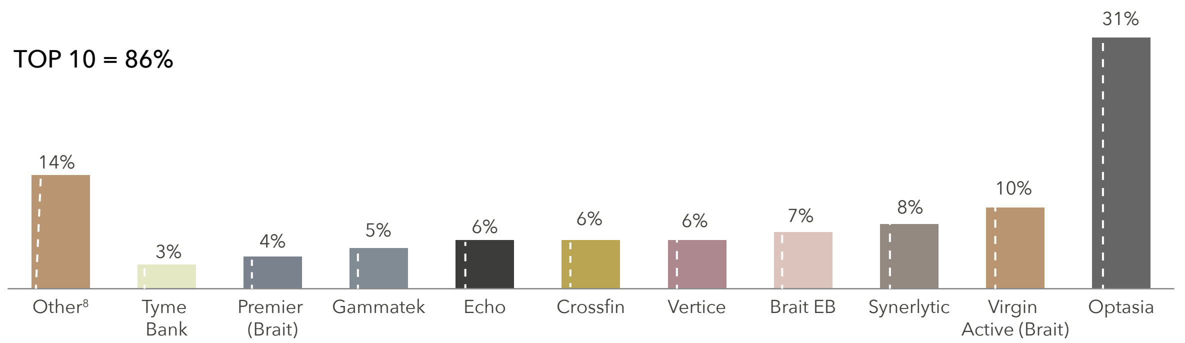


resulting in a marginal increase to NAVPS



TOTAL ASSETS CONTRIBUTION – R2.7 BILLION

TOP 10 = 86%



5 Based on realised and unrealised returns.
6 Brait exchangeable bonds, including coupon receipts.
7 Enterprise value.
8 Including 13 Portfolio Companies and current assets.

LEADERSHIP REPORTS

CHAIRPERSON'S REPORT

"Additionally, periods of uncertainty often present new investment opportunities and strategies and private equity firms have demonstrated their ability to identify and capitalise on these effectively."

Yvonne Stillhart
Chairperson

I am delighted to present Ethos Capital's Integrated Annual Report for the financial year ended 30 June 2023. This past year has undeniably posed significant challenges in the global economy and financial markets, continuing the scenario we faced in the preceding financial year.

The year was marked by a series of challenges and uncertainties, including the persistent conflict in Ukraine and the unprecedented pace of interest rate hikes globally to counter soaring inflation levels. While inflation has eased in recent months, the repercussions of these interest rate adjustments have reverberated widely, casting uncertainty over many economies.

The Investment Advisor's primary emphasis has been on enhancing efficiency and competitiveness across the portfolio, leading to a notable increase in EBITDA. Companies such as Twinsaver and Neopak have demonstrated substantial performance improvements, while others, like Virgin Active and Kevro, are in the process of recovering from the lingering effects of COVID.

A pivotal inflection point was the merger of the Investment Advisor, Ethos, with TRG. The Board views this merger as a highly positive development for our investors. The alliance between TRG and Ethos embeds the Investment Advisor in a solid organisation and grants Ethos Capital access to a stable platform, providing the necessary long-term commitment and support to the underlying investments. The shared values and cultural alignment between TRG and Ethos have resulted in a seamless integration. While Ethos has undergone a rebranding, our Investment Advisor, the TRG SA team, will largely maintain its operational independence. Furthermore, TRG offers the Investment Advisor access to essential capital, and the integration of systems will also strengthen their operations. This merger positions us well for ongoing success, reaffirming our commitment to enhancing shareholder value.

At the portfolio level, we anticipate that a combination of rising inflation, increased interest rates, and an economic slowdown may impact earnings growth in the near term. In the face of ongoing uncertainties, we believe that the Investment Advisor's ownership model, characterised by majority control of businesses, enables the Portfolio Companies to swiftly adapt to changing market conditions. Additionally, periods of uncertainty often present new investment opportunities and strategies and private equity firms have demonstrated their ability to identify and capitalise on these effectively.

Despite the slight NAV growth and positive underlying portfolio performance, public market sentiment has remained lukewarm with respect to Ethos Capital's share price. This pivotal topic of the discount to NAVPS has been at the forefront of the Board's ongoing strategic discussions in the past months. Valuing private investments is a complex process compared to public investments, primarily because private assets lack daily market pricing and are revalued only a few times a year. Discounts on listed equity are increasingly prevalent across global markets, driven by a multitude of factors, including heightened scrutiny of company valuations, NAV time-lag, rising interest rates, and investment portfolio adjustments such as rebalancing and the allure of competing returns available in more liquid asset classes.

I acknowledge that some shareholders may have questions about share buybacks, particularly in light of the significant discount to NAVPS. Whilst the Board does not have a predefined discount control policy, we very actively monitor such possibilities and, as demonstrated in the past, may undertake share buybacks. However, it is essential to recognise that there is an intricate balance to strike between repurchasing shares at an accretive discount and maintaining sufficient cash for liquidity and growth opportunities.

However, amid this backdrop, private equity continues to be attractive and the true value of Ethos Capital becomes apparent through successful realisations delivering a MOIC of 3.1x, as was the case with Optasia. I am delighted to refer you to the CEO's review of the year for an in-depth discussion on the positive developments within the investment portfolio.

Given the liquidity outlook and the prevailing share price discount to the NAVPS, the Board has taken the decision not to make any new Fund commitments until the underlying Funds' realisation strategies and distributions to shareholders have been demonstrated. However, given the maturity of Ethos Capital's investment portfolio, the Board has embarked on a comprehensive strategic review, with a particular focus on facilitating distributions when investments are exited while preserving the right level of investable cash to continue the long-term portfolio growth strategy. Our in-depth strategy review extends beyond preservation; it encompasses forward-looking evaluation of our investment strategy in a changing landscape and exploration of new opportunities aligned with our core values and investors' objectives. We are enthusiastic about the future and deeply appreciate your steadfast support as we continue to chart a course towards further growth and success.

We want to assure our loyal long-term shareholders that we continue to evaluate all available options for value creation. Your unwavering loyalty over the years has been invaluable, and we are committed not only to preserving, but also enhancing the value of your investments.

Outlook

While Ethos Capital has shown resilience in the face of recent market challenges, both the Board and the Investment Advisor remain active and continue the value creation path within the Portfolio Companies. Private equity has not been unaffected by shifting market dynamics, with a noticeable slowdown in buyout transactions from both buy-side and sell-side perspectives. I do expect a combination of higher inflation, higher interest rates and an economic slowdown to have an impact upon earnings growth in the portfolio which may have a knock-on impact on NAV growth. However, the continued active portfolio management, leveraging the broader platform and sector expertise of the Investment Advisor is expected to result in strong investment returns in excess of the Company's cost of capital.

Annual General Meeting

The Annual General Meeting of shareholders of Ethos Capital will be held entirely via a remote interactive electronic platform in November 2023.

Appreciation

On behalf of all of us at Ethos Capital, I would like to extend our gratitude to all stakeholders and business partners for their continued support, especially during these uncertain times. I specifically would like to thank TRG management and colleagues for their accomplishments and dedication during the financial year, and considering the challenges of the global uncertainties, to our shareholders for their confidence in Ethos Capital, and my fellow Directors for their ongoing insightful contribution.

Yvonne Stillhart
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW

"Business and consumer sentiment are the bellwethers of economic growth. Both remain under significant pressure in South Africa."

Peter Hayward-Butt
Chief Executive Officer

Review of the year

The past year has had its fair share of global and local economic headwinds; from the Ukrainian crisis and its impact on global inflation and consumer sentiment, higher global interest rates, slowing economic growth and the impact of loadshedding. The South African economy remains constrained by the lack of urgency by government in instituting transformational economic policies, consumers that are increasingly under pressure and decade-low levels of producer confidence. Global mergers and acquisitions ("M&A") and new listings have fallen to multi-year lows as the impact of rising interest rates and volatile valuations have hampered the ability of firms to exit assets.

Fortunately, the Ethos Capital portfolio is diversified across 22 Portfolio Companies which has helped weather the storm to a certain extent. The non-Brait assets have performed well given the headwinds achieving NAV growth of 13.5% over the last year. Brait has had a transformational year with the listing of Premier and the full repayment of the company's R3.0 billion revolving credit facility. This leaves the company in a far healthier financial position to drive the final value unlock of the portfolio. However, this has not reflected in the Brait share price which fell 20% over the past year.

Business and consumer sentiment are the bellwethers of economic growth. Both remain under significant pressure in South Africa. South African consumers have proven to be relatively resilient compared to other parts of the world however, the impact of inflation and higher interest rates was more keenly felt during the last six months of the financial year. Whilst non-discretionary spend has held up well there has been a noticeable downturn in discretionary spending which has had a significant impact on consumer facing businesses and new capital investment. The disruptive impact of loadshedding has necessitated companies investing significantly in generation capacity to isolate themselves from the increasingly unreliable national grid.

As a result, the TRG SA Funds have focused on driving long term efficiencies in the underlying businesses both structurally and strategically to ensure that the businesses are able to compete as the lowest cost producers and strengthen their competitive advantage in their sector. The underlying EBITDA growth of c.14% across the portfolio demonstrates the resilience of the Portfolio Companies. The "reset strategies" at a number of the Portfolio Companies (Twinsaver, Neopak) have resulted in a significant improvement in operating and financial performance which has contributed to the overall growth in portfolio profitability.

However, there are also a number of Portfolio Companies that have taken longer to recover from the impacts of COVID and the economic downturn. Virgin Active continues to grow back towards its pre-COVID levels and Kevro is starting to benefit from the operational changes made in the business over the past two years. The rising interest rate environment globally has also had an adverse impact on the free cash flow generation of all geared Portfolio Companies.

Despite the global downturn in M&A and initial public offerings ("IPOs"), TRG SA managed to (partially) exit a number of its investments during the past year at premiums to their prevailing NAVs. In addition, the successful listing of Premier was the first sizeable listing on the JSE in more than 5 years.

Since Ethos Capital's listing in 2016, Ethos has achieved average realised returns of 30% per annum with an average MOIC of 2.1x on the assets it has monetised.

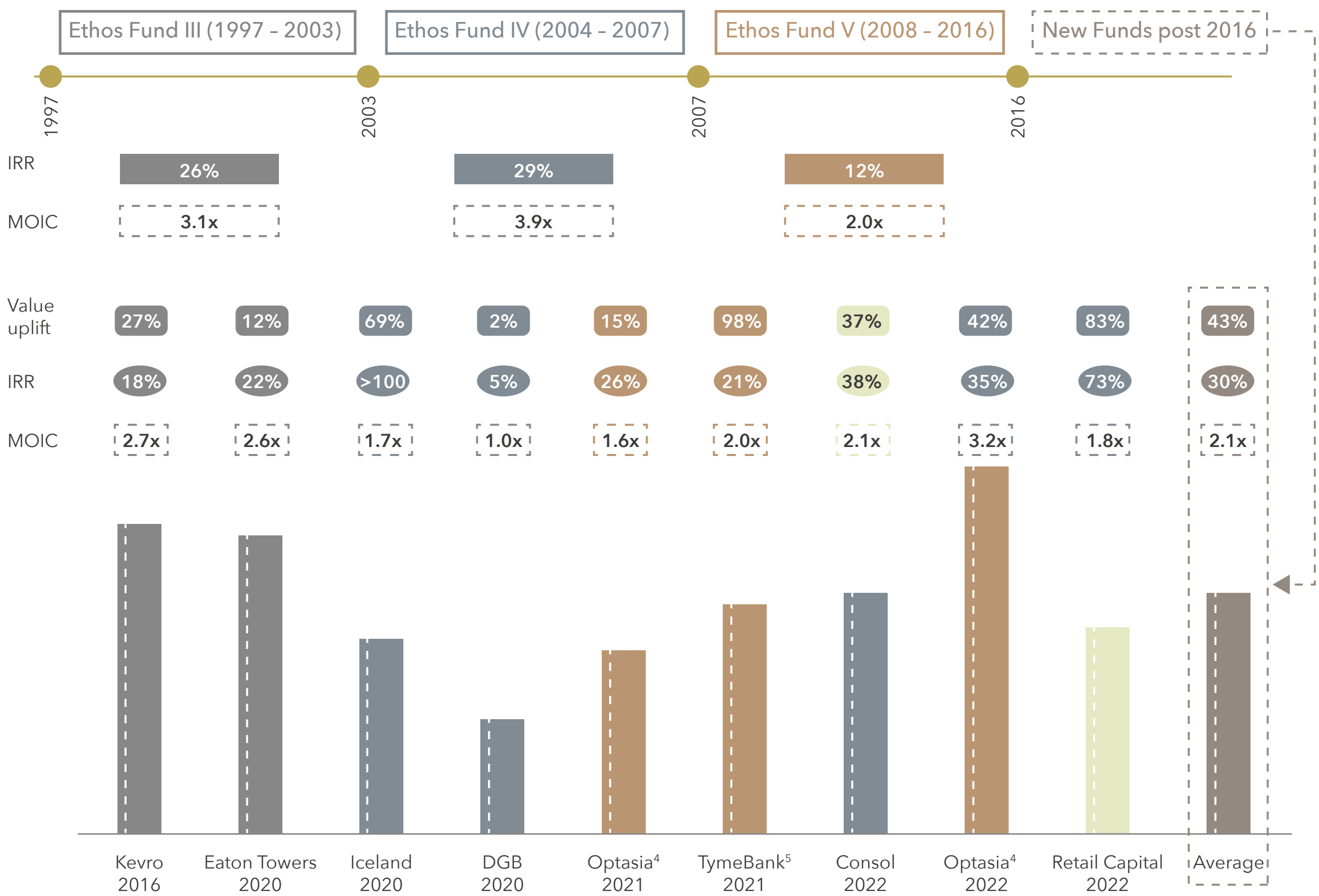
Ethos Capital's unlisted portfolio achieved a 14.4% return over the year driven by increased valuations of Optasia, Synerlytic and TymeBank. However, the listed assets (Brait ordinary shares, Brait exchangeable bonds and MTN Zakhele Futhi) achieved a negative return, driven by price decreases of 20%, 15% and 18% respectively. This resulted in Ethos Capital's NAVPS (including Brait at its share price) increasing marginally from R8.49 to R8.56 over the year. The Ethos Capital NAVPS (including Brait at its fully diluted NAVPS) decreased from R10.66 to R10.42, with Brait's NAVPS decreasing by 11% over the year.

CAGR[1] returns

	Fund and Co-Investments %	Brait (at share price) %
1-yr	13.5	(19.3)
3-yr	15.0	(0.6)
5-yr/Since inception	10.2	(22.2)[2]
March 20 Covid[3]	(15.6)	(53.6)

[1] *Compound annual growth ratio*
[2] *Since inception at February 2020*
[3] *Movement over quarter to March 2020*

Realised returns from exited Ethos Funds (in ZAR)

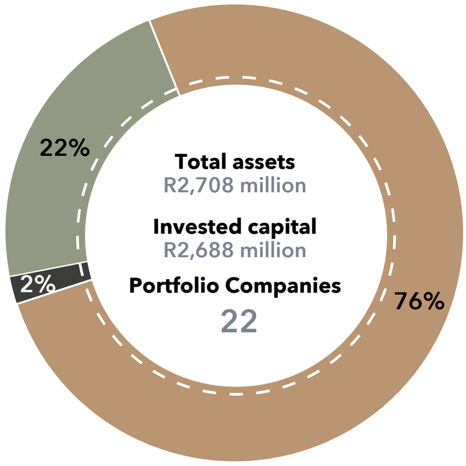


[4] *Partial realisation for Ethos (2022) and for Ethos Capital only (2021)*
[5] *Capital raising event*

Ethos Capital continues to focus on value enhancing returns of capital to shareholders and completed a share buyback program during the last quarter. In total, Ethos Capital has bought back 12.6 million shares and returned over R94 million to shareholders as part of its buyback programs. The Company will continue to quantitatively assess all new investment opportunities against the (high) hurdle of buying back its own shares.

In November 2022, Ethos announced a merger with the TRG Group, a specialist emerging markets asset management business based in New York. The impact on Ethos Capital is limited with the same governance structures remaining in place. The strategy remains to provide investors with access to the long term realised returns that the private equity asset class has achieved over many years.

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 a manager. As previously noted, Ethos merged with the TRG Group on 1 April 2023, with TRG SA assuming responsibility as the Investment Advisor ("the Manager") to Ethos Capital. 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.

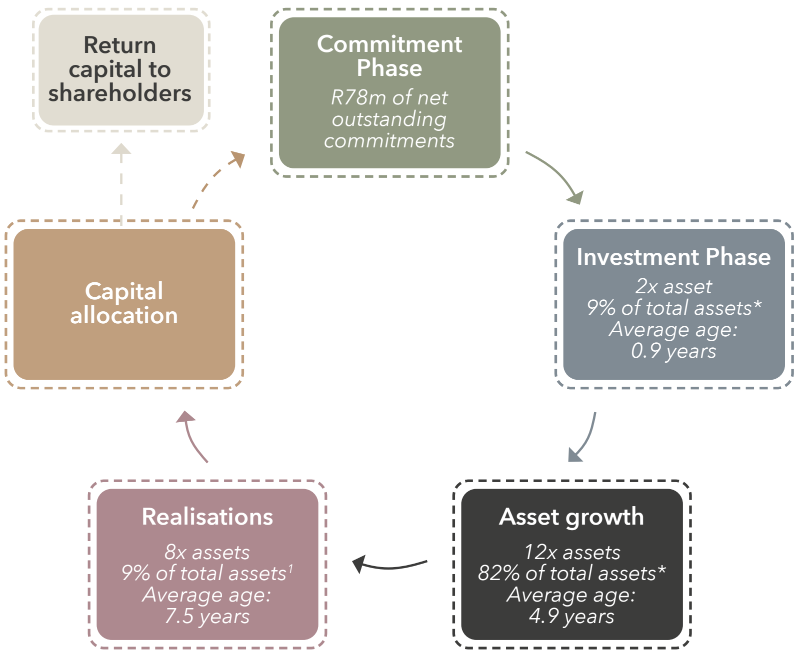
The Ethos Capital Board and Investment Committee are responsible for allocating capital across these three strategies based on, inter alia, the macroeconomic outlook, overall portfolio diversification, liquidity constraints, and prevailing market sentiment.

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.

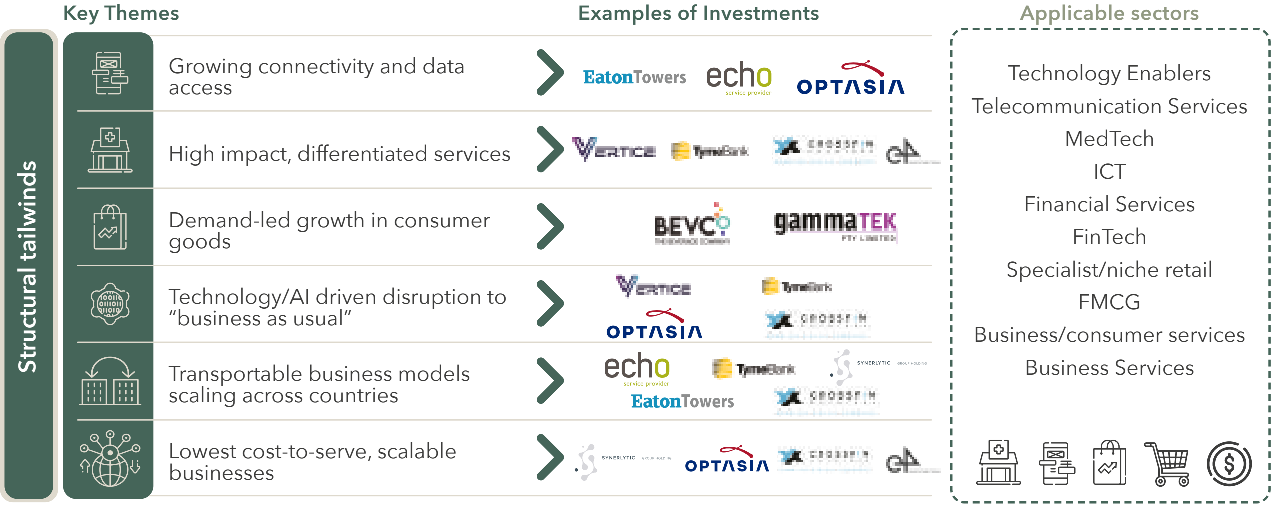
The Growth Phase is the period of ownership where the Investment Advisor's Value Add capacity and capabilities are institutionalised in the Portfolio Companies to drive growth. This phase is normally between three and five years.

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.



[1] Excluding Brait exchangeable bonds.

The Funds remains focused on those "tailwind" sectors that increase the likelihood of generating market leading returns for investors including:



Investments

TRG SA's 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 30 June 2023, Ethos Capital had undrawn commitments of c.R8 million to EF VI.

TRG Africa Fund VII

Renamed to TRG Africa Fund VII ("TRG AF VII", previously Ethos Fund VII), is the successor large equity Fund ("LEF") for EF VI.

The Fund has completed three investments, of which Ethos Capital invested c.R851 million:

- Optasia, 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 TRG AF VII invested in.

In addition, Ethos Capital has made Co-Investments alongside TRG AF VII in Optasia and Brait through a separate Fund, Ethos Direct Investment Partnership ("EDI"). TRG AF VII is now fully invested and is focused on realising value from its remaining Portfolio Companies. Ethos Capital has no further outstanding commitment to TRG AF VII.

Ethos Mid Market Fund I

Ethos Capital has committed R950 million to Ethos Mid Market Fund I ("EMMF I"). EMMF I is a majority black-owned and controlled entity and has total commitments of R2.5 billion. The fund has ten investments including E4, a software as a service company which the Fund acquired in April 2023.

The fund investment period is now complete and Ethos Capital has gross undrawn commitments of R127 million to EMMF I to be used for follow-on investments and expenses.

TRG Mezzanine Partners Fund 3

Renamed to TRG Mezzanine Partners Fund 3 ("TRG MP3", previously Ethos Mezzanine Partners 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 R25.4 million exposure to EMP3 through its participation in Chibuku and has no outstanding commitments to the Fund.

TRG African Artificial Intelligence Fund I

Renamed to TRG Africa Artificial Intelligence Fund I ("TRG AAiF I", previously Ethos Ai Fund I) was established as a Co-Investment vehicle to invest alongside other TRG SA Funds in businesses that will benefit from the adoption and implementation of algorithmic decision making. The Fund has four investments in Optasia, Vertice, TymeBank and Crossfin.

Ethos Capital has committed R150 million and has outstanding commitments to the Fund of R34 million at 30 June 2023. The Fund is also now closed for new investments.

Ethos Healthcare Platform

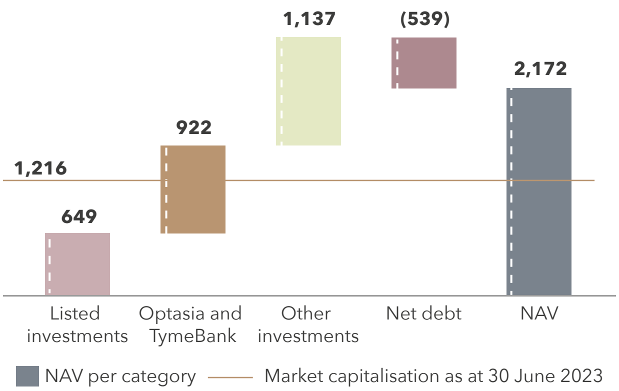
The Ethos Healthcare Platform ("EHP") has continued to invest behind the buy-and-build strategy for Vertice, a medical technology ("MedTech") business that it acquired in May 2018 alongside EF VI and TRG AAiF I. Since the initial acquisition, a total of eight complementary medical software businesses 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. TRG SA has remained consistent in its valuation approach and the average discount to the peer group is 42% across the portfolio.

The value of listed investments are marked-to-market and investments which have recently had partial realisations (Optasia) or new capital raisings (TymeBank) are marked at the most recent "third party" valuation.

NAV – R'million



As at 30 June 2023, the implied EV/maintainable EBITDA multiple of the unlisted portfolio that is valued on an earnings/revenue-based methodology, was 8.3x with an implied price earnings ratio ("PER") of 13.6x.

Based on the Ethos Capital share price as at 30 June 2023, the "market-implied" EV/maintainable EBITDA and PER are 5.0x and 8.2x respectively.

Share price performance

The Board is conscious of the prevailing share price discount to NAVPS and continues to assess options 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 concluded a R700 million debt facility with Rand Merchant Bank ("RMB") in February 2020, subject to certain asset-based covenants. 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 1.4x.

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

INVESTMENTS, PORTFOLIO COMPANIES AND INVESTMENT ADVISOR

REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

Performance

NAV and BASIC 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).

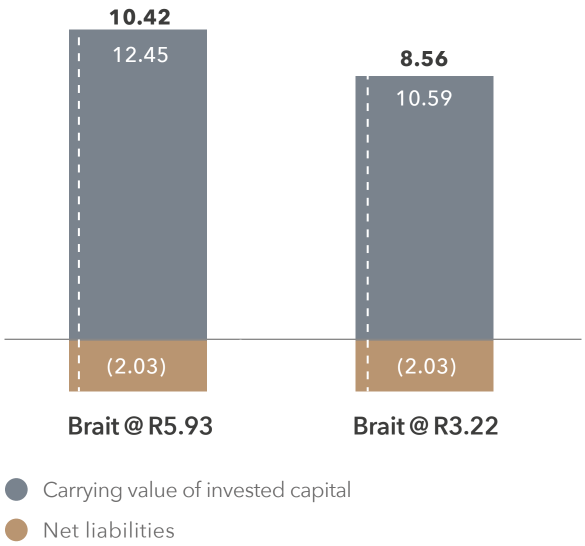
The Ethos Capital Group's NAVPS, based on Brait's share price, increased by 0.8% over the year to R8.56 (30 June 2022: R8.49). The unlisted portfolio achieved a gross return (pre-expenses) of 14.4%, largely driven by Optasia, following a partial sale and ongoing profit growth. Other positive contributions were delivered by Synerlytic, TymeBank and Gammatek.

The listed portfolio was down 19.3% over the year, following a devaluation of the prices of the Brait ordinary shares, Brait exchangeable bonds and MTN Zakhele Futhi shares of 20%, 15% and 18% respectively. The Brait ordinary share price decreased from R4.05 (30 June 2022) to R3.22 at 30 June 2023.

The corresponding 30 June 2023 Group NAVPS, based on Brait's last reported fully diluted NAVPS (R5.93 at 31 March 2023) decreased by 2.2% to R10.42 (30 June 2022: R10.66). Brait's fully diluted NAVPS decreased by 11% from R6.69 (31 March 2022) to R5.93 (31 March 2023).

In previous reporting periods, the NAVPS of the Brait ordinary shares was used to calculate the Ethos Capital NAVPS. However, the fully diluted Brait NAVPS (assuming the exchangeable bonds convert into ordinary shares) has been used as at 30 June 2023. The dilution is based on the assumption that all the outstanding Brait exchangeable bonds are exchanged into Brait ordinary shares at the R4.37 exchange price.

GROUP NAVPS AT 30 JUNE 2023 – 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	770	–
Net return on investment portfolio	102,282	0.40
Share buy-backs	(20,000)	0.05
Operating expenses	(9,368)	(0.04)
Finance costs	(54,510)	(0.21)
Fees paid to Ethos	(32,472)	(0.13)
Taxation	(1,511)	–
At 30 June 2023 (with Brait at share price)	2,172,119	8.56
Incremental Brait value based on its fully diluted NAVPS	472,222	1.86
At 30 June 2023 (with Brait at diluted NAVPS)	2,644,341	10.42

During the final quarter of the financial year, the Company repurchased 3.6 million of its A Ordinary Shares for a total consideration of R20 million.

The investment portfolio achieved a net gain of R102.3 million over the year resulting from: unrealised and net realised gains on the unlisted portfolio of R269.4 million less withholding tax on income distributions received of R4.2 million; unrealised losses, net of coupon receipts on the Brait exchangeable bonds, on the listed portfolio of R148.4 million, resulting from devaluations in the prices of all listed assets; and some Fund related expenses, including finance charges on the EF VII facility. These movements are detailed further in the report.

Operating expenses totalled R9.4 million, about 0.4% of the Group's average NAV over the year. These expenses relate to Directors' remuneration (R4.7 million), auditors' remuneration, legal and professional fees, listing-related fees, insurance costs, and other general costs.

The fees paid to Ethos/TRG SA acting as the Company's Investment Advisor and Investment Manager of the Funds and Co-Investments, totalled R32.5 million, equating to less than 1.2% (including value added tax levied) of the average invested capital during the year.

The investment services fee is based on 1.5% of the average of the opening and closing NAV of investments over the year, calculated on a quarterly basis. The Company's underlying investments in the Brait ordinary shares, Brait exchangeable bonds and Optasia (held via EDI), are not subject to any investment services fee.

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 year.

Taxation of R1.5 million related to the Mauritian income tax expense for the period.

Further details on expenses are provided in notes 12 and 15 of the Notes to the Summarised Annual Financial Statements.

PERFORMANCE PARTICIPATION

At the time of the Listing, the Company entered into an agreement with Ethos Private Equity Allocation Trust ("EPE Trust") that governs the Performance Participation that the EPE Trust is entitled to. The Performance Participation is based on 20% of the annual growth in NAV of invested assets and is triggered annually if the NAV growth exceeds a preferred hurdle of 10%. The Company's investment in EF VI, the Brait ordinary shares, Brait exchangeable bonds and Optasia (held via EDI) are not subject to any Performance Participation. The performance is retrospectively measured over a cumulative three-year measurement period ("Measurement Period") to ensure the average NAV growth over the Measurement Period exceeds the preferred hurdle. Post settlement of any Performance Participation, there is a "clawback" adjustment in the event of underperformance in subsequent periods of the Measurement Period. Any Performance Participation amount due is firstly settled via the release of a number of encumbered A Ordinary Shares and thereafter via dividend payments on the B Ordinary Shares. The number of A Ordinary Shares to be released is determined by dividing any such performance participation amount by the prevailing Ethos Capital share price at the time.

The current Measurement Period commenced on 1 July 2022 and will end at 30 June 2025. During the year, the investments that are subject to the Performance Participation achieved net (post Fund expenses) growth in the invested capital of 11.3%. Based on the Performance Participation calculation at 30 June 2023, an amount of R22.3 million would therefore have been payable. Based on the Ethos Capital share price as at 30 June 2023, the Performance Participation would have resulted in a release of c.4.7 million notional encumbered A Ordinary Shares to the EPE Trust.

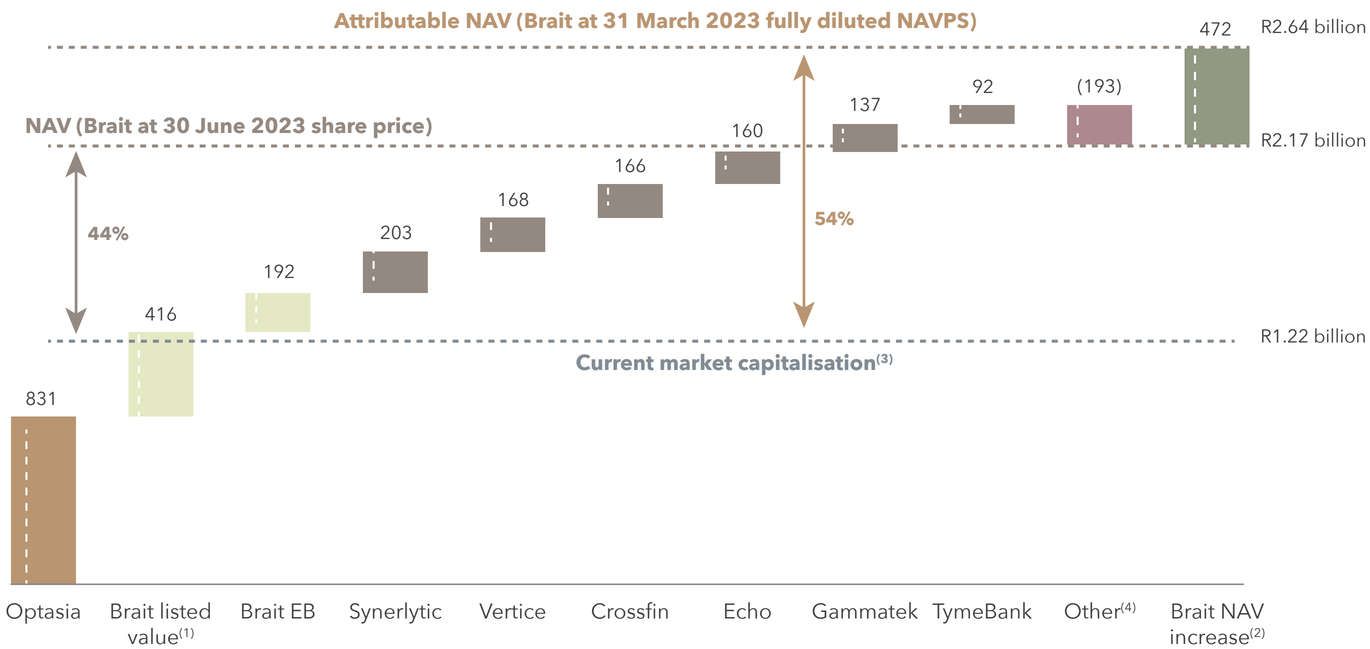
Given the prevailing market conditions and overall Ethos Capital performance, Ethos has voluntarily proposed to the Ethos Capital Board to amend the terms of the Performance Participation agreement. Ethos has agreed to defer any payment under the Performance Participation until the end of the Measurement Period (30 June 2025) based on the performance over the three-year period. In addition, given the prevailing discount to NAVPS, it has agreed to amend the calculation for the determination of the number of encumbered A Ordinary Shares to be issued to the Adviser, to be based on the Ethos Capital NAVPS as opposed to the Ethos Capital share price. Based on this adjustment, if the Performance Participation had been payable, it would have resulted in a release of c.2.6 million notional encumbered A Ordinary Shares to EPE Trust (as opposed to c.4.7 million). The Ethos Capital Board appreciates the proposal made by Ethos and has agreed to the changes.

Based on the amended agreement, the number of attributable shares in issue at the end of the year has been adjusted by c.2.6 million to reflect the contingent release of the encumbered A Ordinary Shares and used that to determine the fully diluted NAVPS of the Group and Company of R8.47 and R8.82 respectively as at 30 June 2023.

Share price analysis

The Ethos Capital share price of R4.79 as at 30 June 2023 represented a 44% discount to the Group's 30 June 2023 basic NAVPS, and 54% compared to the Group's basic NAVPS that reflects the Brait investment at its last reported fully diluted NAVPS.

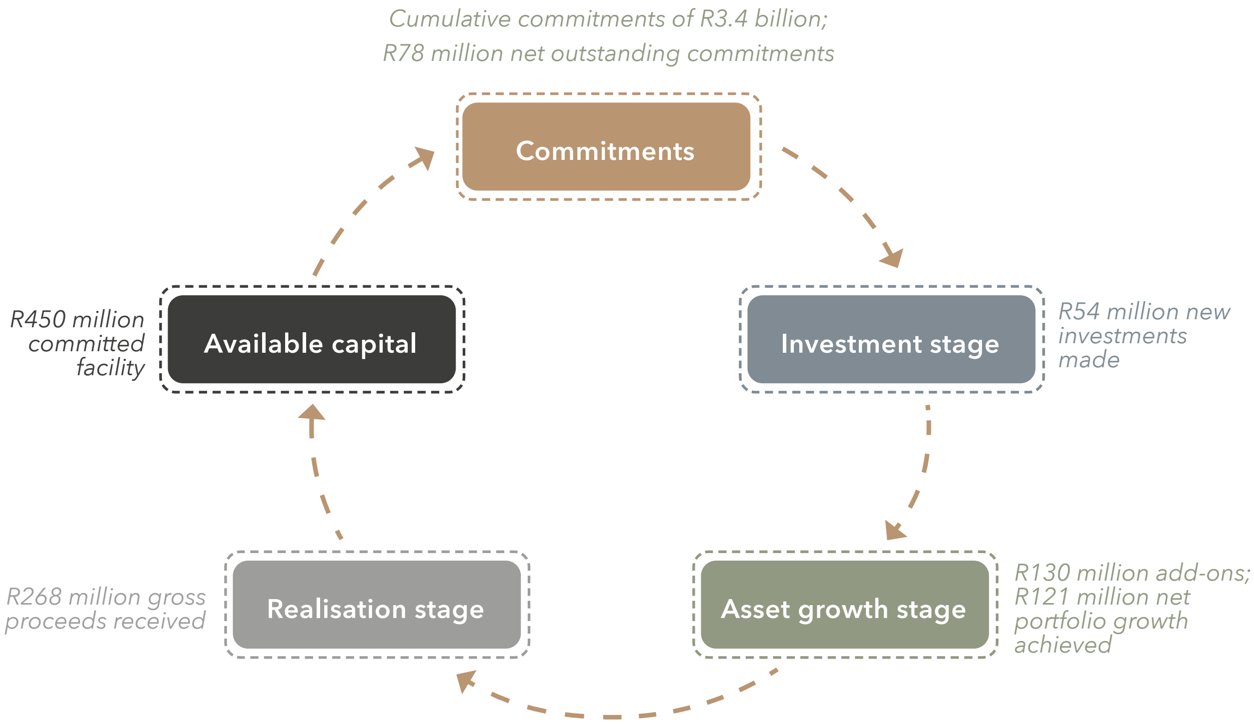
ATTRIBUTABLE NAV AND MARKET CAPITALISATION – R'million



(1) Brait listed share price as at 30 June 2023 of R3.22.
(2) Brait diluted NAVPS as at 30 June 2023 of R5.93.
(3) Ethos Capital share price as at 30 June 2023 of R4.79.
(4) Including debt and 12 other investments.

Private equity activity cycle

The Group follows the life cycle of a private equity Fund that typically has a ten-year life. The Board is responsible for making commitments either to existing or new TRG SA Funds or to Co-Investments (Direct Investments) alongside the Funds. Once these commitments are made, TRG SA (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 TRG SA Funds.



Commitments to TRG SA

The total commitments to TRG SA Funds were unchanged during the year at R3.4 billion at 30 June 2023, of which R169 million was undrawn as detailed below.

Both EMMF I and TRG AAiF I made their last investment during the year. The undrawn commitments of all Funds are therefore reserved for the quarterly management fees payable (until the exit of the last investment) and for a contingency reserve for existing investments, whether for add-ons or unforeseen funding requirements.

Commitments into Funds

Name	Vintage	Share of TRG SA investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38 – 40	950,000	127,038
TRG AAiF I	2018	20	150,000	33,990
EF VI	2011	1 – 2	188,355	7,710
				168,738

Investments

Investment portfolio

At 30 June 2023, the investment portfolio of the Company consisted of the following investments, which amounted to 99.3% of the total assets:

Investment name	Participation in TRG SA Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
TRG AF VII	61%	970,588	35.9
EMMF I	39%	680,257	25.1
TRG AAiF I	20%	227,214	8.4
EHP	13%	128,983	4.8
EF VI	<2%	57,286	2.1
TRG MP3	n/a	25,453	0.9
Co-Investments			
Brait(1)	6%	241,790	8.9
Brait EB(1)	6%	160,403	5.9
Optasia(1)	1%	93,210	3.5
Primedia(2)	4%	79,321	2.9
Kevro(3)	5%	23,573	0.9
Total investments		2,688,078	99.3

(1) Investment in EDI, which co-invested in Brait and Optasia.
(2) Investment in Primedia Holdings (Pty) Ltd.
(3) Investment in Kevro Holdings (Pty) Ltd, held through EMM Direct.

Through its participation in the funds, Ethos Capital invested R184.4 million during the year participating in one new investment, E4, and further investments into CrossFin, Optasia, Echo and Kevro – more details on the underlying investments are provided on the following page.

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. During the year, Ethos Capital participated in one new investment and further investments into five existing Portfolio Companies as detailed below, for a total invested amount of R184.4 million.

In April 2023, EMMF I made its final new investment through a R115.8 million participation in the E4 Group, a leading software-as-a-service ("SaaS") provider that offers banks and legal firms solutions that have digitised a significant part of the bond origination, lending and conveyancing process. The business operates primarily in South Africa, and has recently expanded into the United Kingdom. Through its participation in EMMF I, Ethos Capital invested R54.3 million into this new investment.

In July 2022 and November 2022, EMMF I and TRG AAiF I contributed an aggregate amount of R128.6 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 follow-on investments within the business. Ethos Capital invested R45.5 million via its existing commitments in EMMF I and TRG AAiF I.

Kevro undertook a debt restructuring in August 2022 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 strengthen the liquidity position of the group. Ethos Capital invested R11.7 million via its participation in EMMF I and TRG AF VII.

Following the partial sale of Optasia in December 2022, Ethos Capital repaid R38.9 million of TRG AF VII's debt facility which was initially drawn to provide funding for the Fund's participation in the Brait exchangeable bonds.

As noted on page 28 of the report, Optasia concluded a transaction whereby a consortium, investing through Chronos Capital, acquired a stake in Optasia from its existing investors. In April 2023, TRG AAiF I made an investment in Chronos Capital, resulting in a further 0.5% stake in Optasia. Ethos Capital's share of the participation was R13.5 million that increased its effective participation in Optasia to 7.3%.

At 30 June 2023, the underlying investments consisted of the following 22 Portfolio Companies and the Brait exchangeable bonds investment:

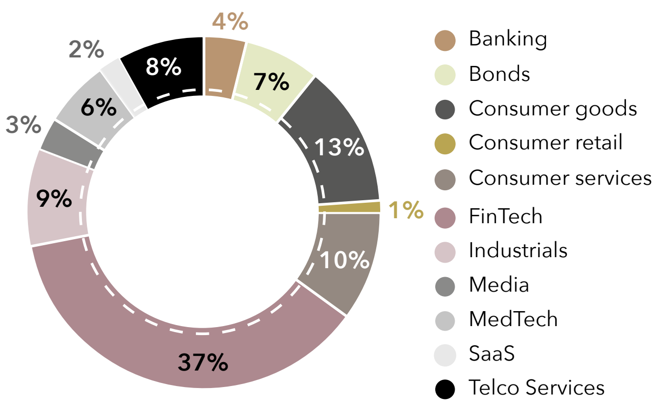
Name	Business description	Year*	% of total assets	Cumulative % of total assets
Optasia	FinTech service provider	2018	30.7	30.7
Virgin Active (Brait)	Health club operator	2020	10.2	40.9
Synerlytic	Specialised analytical and testing services	2019	7.5	48.4
Brait EB	Exchangeable bonds	2021	7.1	55.5
Vertice	MedTech	2018	6.2	61.7
CrossFin	FinTech group	2021	6.1	67.8
Echo	Corporate ISP	2018	5.9	73.7
Gammatek	TMT accessory distribution	2018	5.1	78.8
Premier (Brait)	FMCG manufacturer	2020	4.1	82.9
TymeBank	Banking	2019	3.4	86.3
Primedia	Media	2017	3.1	89.4
E4	Software as a Service	2023	2.0	91.4
Kevro	Corporate clothing and gifting	2017	1.6	93.0
MTN Zakhele Futhi	Telecommunications	2017	1.6	94.6
New Look (Brait)	Multi-channel fast-fashion brand	2020	1.0	95.6
Chibuku	Brewing and distribution	2018	0.9	96.5
Eazi Access	Industrial support services	2016	0.9	97.4
The Beverage Company	Carbonated drinks manufacturer	2017	0.7	98.1
Twinsaver	Manufacturing (FMCG)	2015	0.4	98.5
Neopak	Paper and packaging	2015	0.3	98.8
RTT	Logistics	2014	0.3	99.1
Waco International	Industrial support services	2012	0.2	99.3
Autozone	Automotive parts retailer & wholesaler	2014	–	99.3
			99.3	

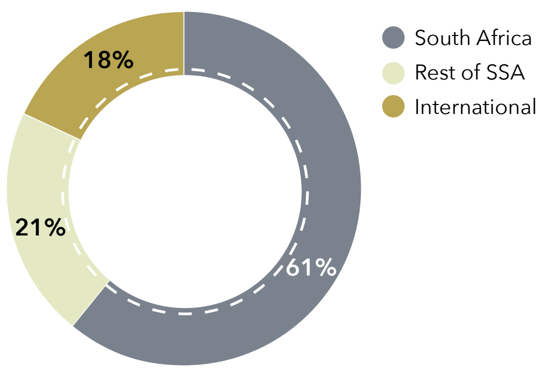
* *Initial acquisition date by the TRG SA Fund.*

Asset growth

Portfolio Company performance

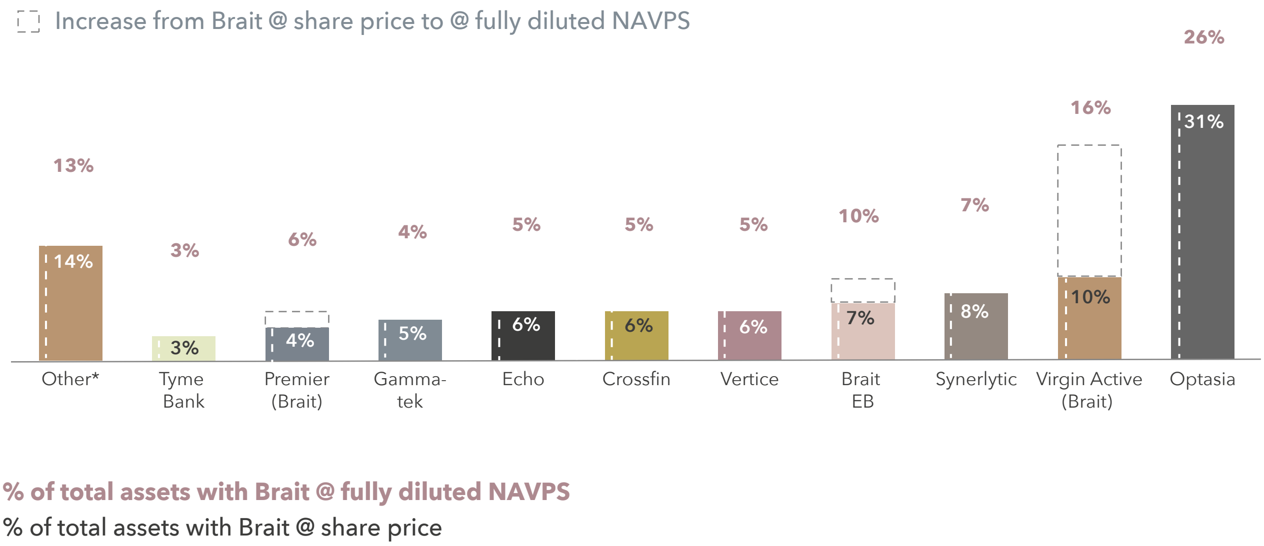
Ethos Capital's investment portfolio at 30 June 2023 has exposure to the Brait exchangeable bonds and 22 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of nearly R29 billion and EBITDA of just under R4 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.





At 30 June 2023, the contribution of each underlying Portfolio Company to the total assets of R2.7 billion, of which the top 10 investments make up 86% of the total assets, was as per the below. Despite the partial realisation of the Optasia investment in December 2022 and further in April 2023, it remains a significant asset in the portfolio at 31% of the total asset value. The aggregate Brait portfolio, including the exchangeable bonds, represents 22% of the total portfolio.

TOTAL ASSETS CONTRIBUTION

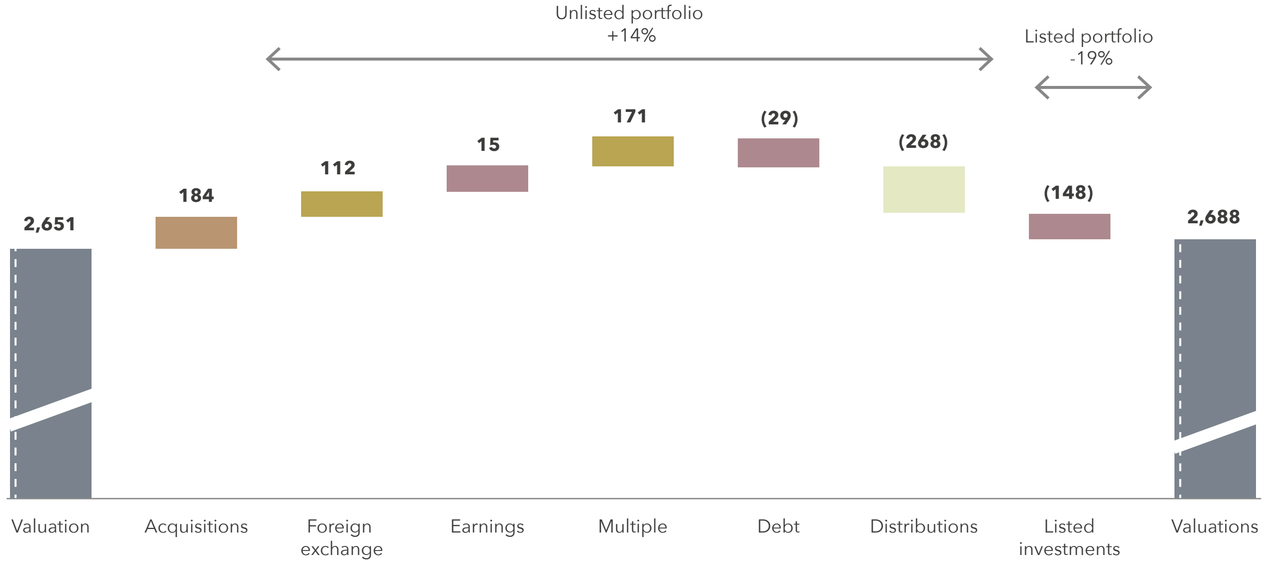


* *Including 13 Portfolio Companies and current assets.*

The gross (pre-expenses) return of the unlisted investment portfolio over the year was R269.4 million, delivering a 14.4% 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.

Net of a receipt of coupon proceeds on the Brait exchangeable bonds, the listed portfolio achieved a negative return of R148.4 million that resulted from decreases in the prices of the Brait exchangeable bonds and ordinary shares of MTN Zakhele Futhi and Brait of 15%, 18% and 20% respectively.

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

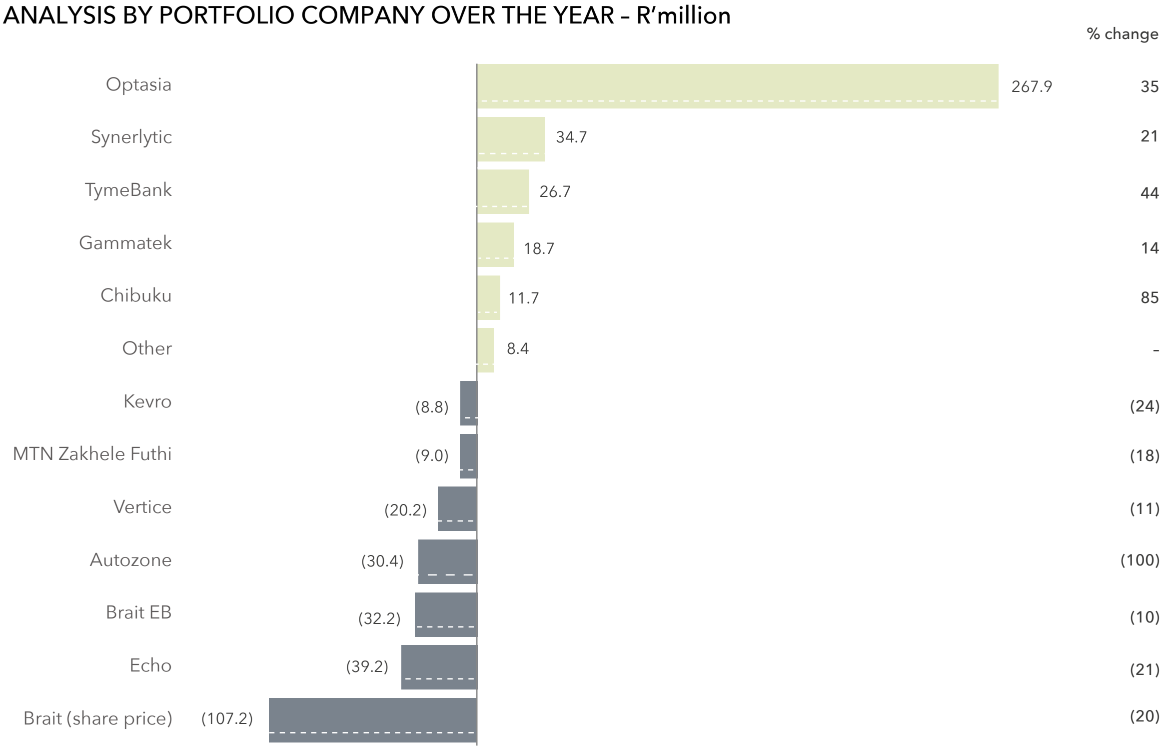


The underlying drivers of the positive return from the unlisted portfolio (taking into account, where relevant, investment transactions and realisations, and foreign exchange movements during the year) are as follows:

- an increase in attributable maintainable EBITDA resulting in a value increase of R14.5 million;
- an increase of R171.4 million driven by the implied valuation multiple increase to 8.3x, largely driven by the Optasia revaluation following the partial sale transaction;
- an increase in sustainable net debt, after adjusting for investment transactions, accounting for a R29.1 million valuation decrease; and
- a 15% strengthening of the US$ against the ZAR contributed a revaluation gain of R112.0 million.

The attribution of the gross portfolio return, including proceed received, by Portfolio Company is detailed below:

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



Optasia continues to perform well, driven by new deployments, increased advances, traction in micro finance services ("MFS") and good default management and cost control. Revenue has increased significantly, however material currency devaluations (in Nigeria and South Africa in particular) impacted the profit growth in US$ terms. MFS advances grew strongly on the back of existing deployments, new deployments, and optimisation of Optasia's risk-based pricing strategy. The market opportunity for MFS remains substantial and management is focussed on continuing to expand this vertical to drive product diversification and longer term growth. Optasia has a strong pipeline of new deployments that are in the delivery / development phase.

Synerlytic has operations that span across South Africa, the rest of Africa and Canada. The group's growth has accelerated with new customers and partnerships across the globe delivering a geographically diverse library. WearCheck's recovery has continued, benefiting from the upfront investment in people in the Reliability Solutions division and other value creation initiatives. The Particle Group (formerly AMIS Group) has continued to deliver strong operational results. The team continues to focus on building its brand equity and improving the quality of its operations, both of which are delivering results.

Performance of the larger business units in Vertice showed a strong rebound in performance in the second half of the financial year. Several optimisation initiatives have been actioned, including cost reduction across some of the smaller business units, product rationalisation, and initiatives to reduce working capital requirements and improve profitability.

Crossfin, a leading independent fintech platform which operates a highly differentiated business model based on investing and supporting an ecosystem of complementary fintech businesses, has continued its growth. Adumo is performing well and iKhokha has delivered robust revenue growth although medium-term earnings are impacted by the ongoing investment in marketing to support merchant signups and overall brand awareness. Crossgate's growth continued post the successful commissioning of the new personalised card facility in Cape Town in Q2 2023. Sybrin has been impacted by delays in the implementation of new projects and a new management team has been appointed to drive the strategy.

Following strong growth in its prior financial year, Gammatek's growth slowed slightly due to weaker market conditions and currency depreciation that have impacted the consumer and trading in the second half of the financial year. The business continues to navigate the challenging economic environment and the management team has made several strategic and operational changes which should benefit the company in the near term.

TymeBank continues to grow strongly with substantial growth in customers and deposits. It successfully closed its pre-Series C capital raise, raising $65 million, including introducing two new shareholders, at a premium to the prevailing TymeBank valuation.

Echo's South African business has experienced slower sales growth and longer conversion rates during the year, which was exacerbated by the loss of a significant client contract as a result of that client's M&A transaction (not related to Echo's service delivery). Whilst the international business performance is improving, certain territories continue to be loss-making and converting client pipelines are taking longer. Management continues to explore various options to return the sub-scale international operations to profitability.

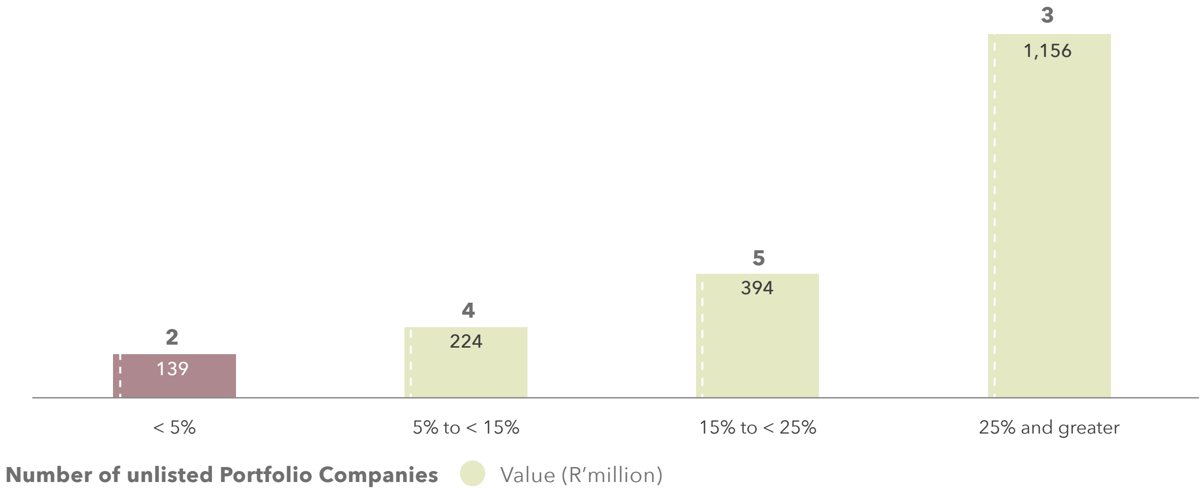
As noted, the share price of Brait decreased by 20% over the year, despite solid operating performance from the underlying companies. Virgin Active's operational turnaround continued over the past six months across all key territories with a new operating model that will position the business as a global wellness company. Premier again delivered strong performance with EBITDA growth of 16% in its 2023 financial year. The company was successfully listed in March 2023, despite difficult market conditions, which resulted in Brait raising over R4 billion to repay its revolving credit facility. Despite the very difficult UK fashion retail market, New Look achieved solid operating performance with EBITDA growth of 68% year-on-year resulting from increased footfall and cost management.

Further details on the above Portfolio Companies are provided in the Overview of the Portfolio Companies section on pages 30 to 39.

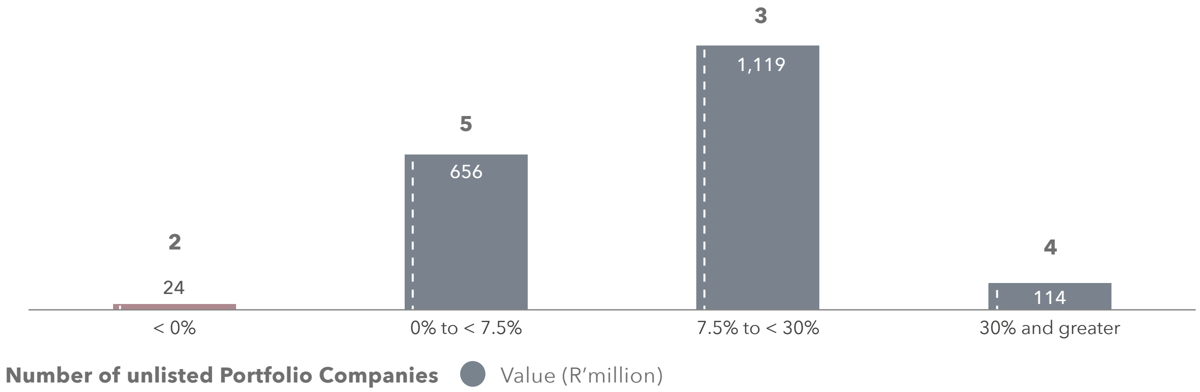
At 30 June 2023, the last 12 months ("LTM"), attributable sales and EBITDA of the Portfolio Companies that are valued on an earnings/revenue-based valuation, increased on an aggregate basis by 19% and 14% respectively. The top five unlisted investments, consisting of Optasia, Synerlytic, Vertice, Crossfin and Echo (57% of total assets) grew their attributable sales and EBITDA (on an aggregate basis) by 22% and 11% respectively.

The analysis below, showing the revenue and EBITDA growth rates across the unlisted Portfolio Companies.

REVENUE GROWTH % RANGE



EBITDA GROWTH % RANGE



Portfolio Company valuations

The NAV of each Fund is derived from the valuations of the underlying Portfolio Companies which are prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). Valuations are performed quarterly, audited semi-annually and approved by each Fund's Advisory Board. The IPEV Guidelines set out best practice where private equity investments are reported on at fair value, with the majority of the private equity investments being valued on an earnings multiple method.

In terms of this method, an appropriate valuation multiple is applied to an investment's maintainable earnings to determine the enterprise value ("EV") of the investment. The valuation multiple for each investment is derived from the average of public market companies' multiples, with the Investment Manager then adjusting each investment's multiple based on its risk profile and performance factors (i.e. applying a premium or discount). The EV is then adjusted for surplus assets or net debt to derive the equity value of the investment, which is apportioned to the underlying holders of the financial instruments (e.g. shareholder loans and ordinary shares) – all of these are referred to as unobservable inputs as referred to in note 23 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 prices at 30 June 2023.

Listed portfolio

The investment in Brait is based on the prevailing share price at 30 June 2023 of R3.22 (30 June 2022: R4.05). The Brait fully diluted NAVPS (assuming the Brait exchangeable bonds are converted to ordinary shares) is R5.93 (as at 31 March 2023; R6.69 as at 31 March 2022), resulting in a Brait share price discount to NAVPS of 46%.

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA as at 30 June 2023 was R277.4 million and its attributable share of the maintainable net debt was R386.0 million, equating to a net debt/EBITDA multiple of 1.4x (30 June 2022: 1.5x).

Based on the Company's attributable EBITDA and an implied EV/maintainable EBITDA multiple of 8.3x, the EV of the Company's participation in the underlying Portfolio Companies is c.R2.3 billion. The attributable net debt is subtracted to result in a net equity value of c.R1.9 billion, as set out below.

	30 June 2023 R'million	30 June 2022 R'million
Attributable EBITDA	277.4	290.2
Implied valuation multiple	*8.29x*	*7.73x*
Attributable EV	**2,298.6**	**2,244.2**
Less: Attributable debt	*(386.0)*	*(446.9)*
Attributable debt multiple	*1.4x*	*1.5x*
Attributable equity value	**1,912.6**	**1,797.3**
Add: Other equity investments	*775.5*	*853.3*
Total investments	**2,688.1**	**2,650.6**
Carrying value of invested capital per share (Rand)	**10.59**	**10.29**

The implied EV/maintainable EBITDA multiple of 8.3x represents a 42% (30 June 2022: 39%) discount to the average EV/maintainable EBITDA multiple for the comparable peer groups of 14.3x. This discount applied to the peer group multiples represents the relevant discounts applied for, inter alia, liquidity, jurisdictional discount, risks and growth outlook.

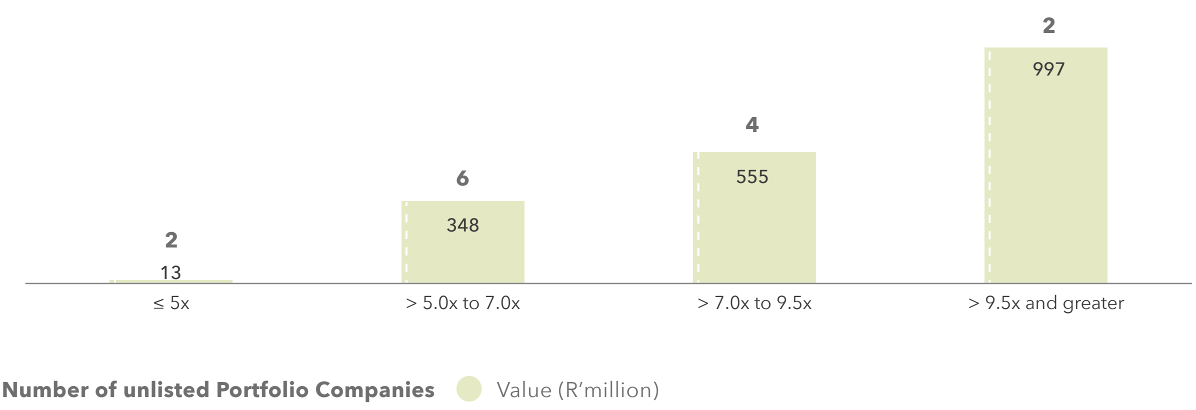
The implied EV/earnings before interest after taxes ("EBIAT") (equivalent to a price earnings ratio) of the portfolio was 13.6x.

	Share price based 30 June 2023 R'million	NAVPS based 30 June 2023 R'million
Attributable EBITDA	277.4	277.4
Implied valuation multiple	*5.00x*	*8.29x*
Implied multiple discount	*40%*	
Attributable EV	**1,387.0**	**2,298.6**
Less: Attributable debt	*(386.0)*	*(386.0)*
Attributable debt multiple	*1.4x*	*1.4x*
Attributable equity value	**1,001.0**	**1,912.6**
Add: Other equity investments	*730.4*	*775.5*
Total implied/actual investments	**1,731.4**	**2,688.1**
Carrying value of invested capital per share (Rand)	6.82	10.59
Debt (Rand)	(2.03)	(2.03)
NAVPS (Rand)	**4.79**	**8.56**
Invested capital discount	*36%*	

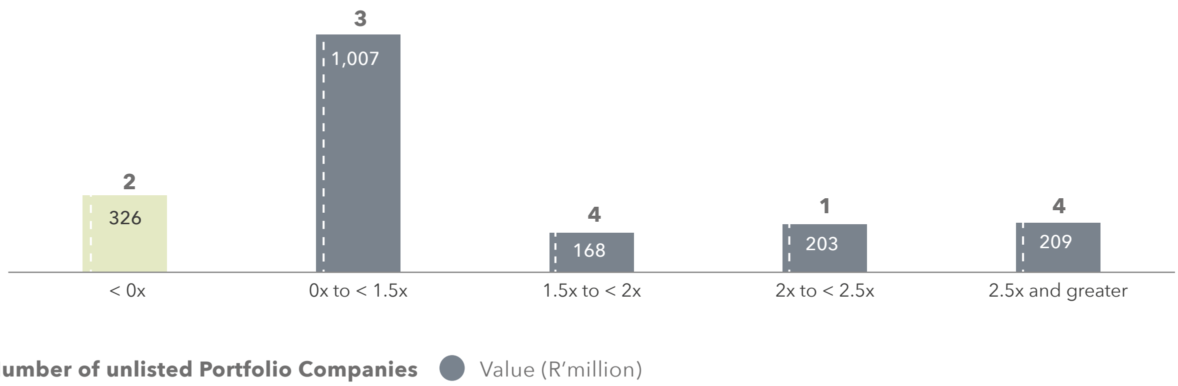
Based on the Company's share price of R4.79 as at 30 June 2023, the market implied EV/EBITDA was 5.0x and the EV/EBIAT was 8.2x.

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

EBITDA VALUATION MULTIPLE RANGE



DEBT/EBITDA MULTIPLE RANGE



Realisations

During the year to 30 June 2023, total proceeds of R268.0 million were realised on behalf of Ethos Capital by the various TRG SA Funds.

Ethos Capital is indirectly invested in Optasia through its investments in TRG AF VII, TRG AAiF I and EDI. In December 2022, Optasia concluded a transaction whereby a new consortium (Chronos Capital) acquired a 17.4% stake, with an option to increase the stake to 20.0%. The agreed price resulted in an increase in the EV/EBITDA multiple compared to 30 June 2022 multiple used in the Optasia valuation. Chronos Capital exercised its option to acquire a further stake in March 2023. The transaction resulted in the TRG SA consortium stake decreasing from 20.0% to 16.6%. Ethos Capital's share of the proceeds totalled R194.0 million. In addition, Ethos Capital received dividends of R22.2 million from Optasia. The Company's overall MOIC for its investment in Optasia increased to 3.1x at 30 June 2023.

In December 2022, Crossfin completed the sale of Retail Capital, an alternative lending business, to TymeBank. Ethos Capital's share of the proceeds received was R19.6 million. TRG AAiF I elected to exchange part 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 and R10.1 million during December 2022 and April 2023 respectively.

Coupons received on the Brait Exchangeable Bonds totalled R14.7 million for the year.

In June 2023, following strong financial performance that resulted in surplus cash generation, Neopak made a shareholder distribution that resulted in a repayment of capital and accrued income, of which Ethos Capital received R2.1 million.

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 - that can be extended if so required - 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.

OVERVIEW OF THE PORTFOLIO COMPANIES

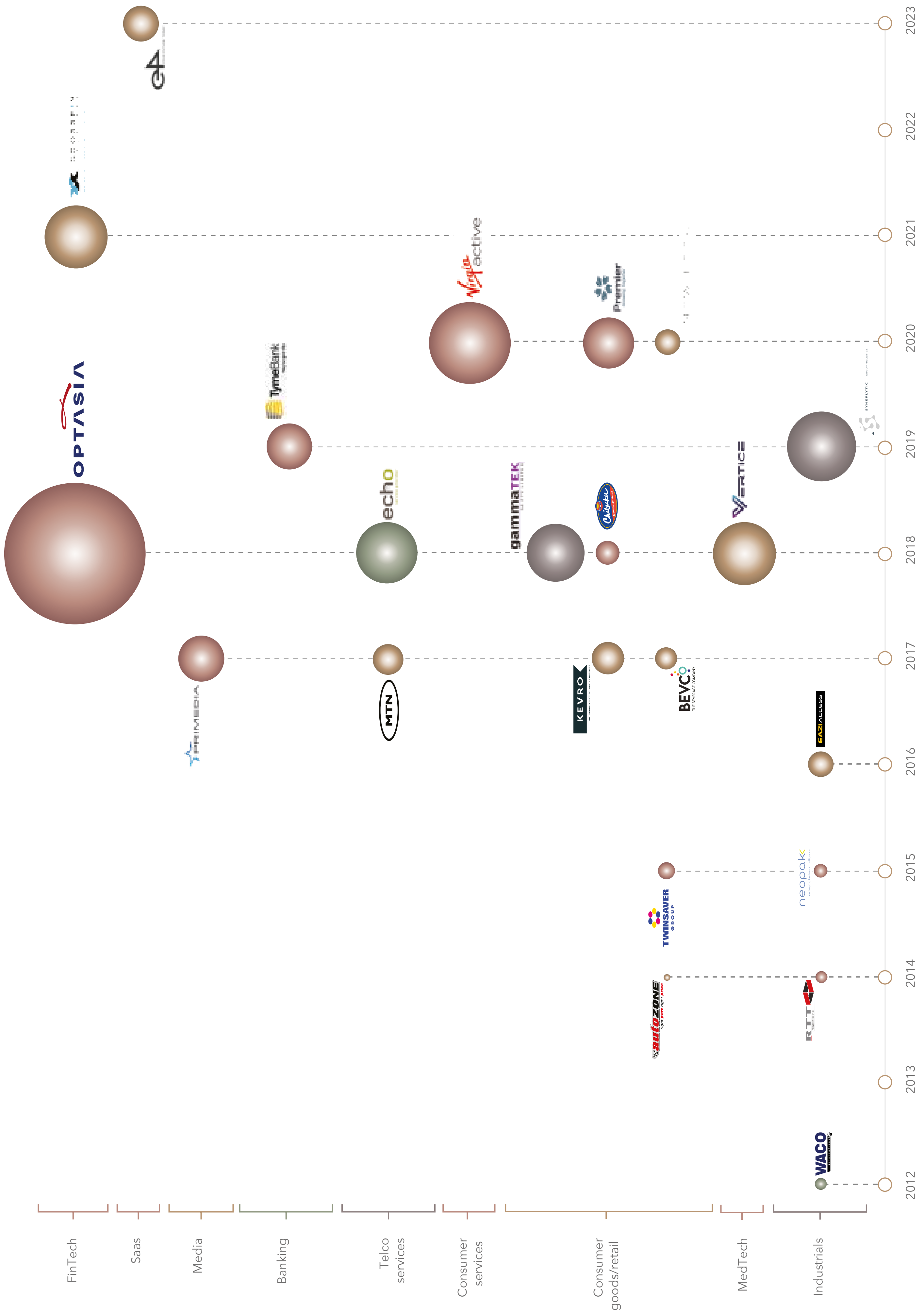
OVERVIEW OF THE PORTFOLIO COMPANIES

Ethos Capital makes commitments into Funds or Co-Investments that are managed by TRG SA, enabling it to invest alongside TRG SA's institutional investors to provide its shareholders with unique access and exposure to a diversified portfolio of private equity-type investments. At 30 June 2023, Ethos Capital and its shareholders had an indirect exposure to 22 Portfolio Companies.

Any such indirect participation will generally form part of a much larger majority shareholding that Ethos will manage collectively on behalf of all its investors. TRG SA typically aims to hold a controlling stake in the investments with significant representation on the boards of these Portfolio Companies.

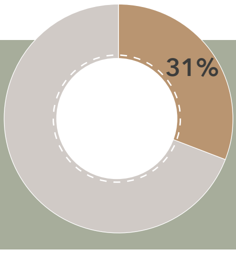
The investments represent a number of industries and sectors and were acquired in different vintage years, providing exposure to different economic cycles.

This section provides further details of the top five unlisted Portfolio Companies and largest two underlying Portfolio Companies of the listed investment in Brait, that in aggregate, and including the Brait exchangeable bonds, contribute 78% of the total assets.


2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
FinTech
Saas
Media
Banking
Telco services
Consumer services
Consumer goods/retail
MedTech
Industrials

OPTASIA

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R831m
+30% 1-YR RETURN

MOIC:
3.1X
VS. 2.5X IN JUNE 2022

TRG SA OWNERSHIP:
16.6%
(TRG SA CONSORTIUM)

Optasia is a **global FinTech company** that partners with MNOs[1], mobile wallet operators and financial institutions in order to enable them to provide **financial access to end customers through an AI-technology credit scoring platform.**

Micro-lending
Growing number of micro-lending products that can quickly be embedded into distribution partners' ecosystem

Airtime Credit
Airtime credit solutions for MNOs powered by AI-led real-time credit scoring, omnichannel delivery and personalised marketing

Data monetisation
Turn-key product-as-a-service solutions for MNOs to leverage on their data and create new revenue streams

[1] *Mobile network operators.*

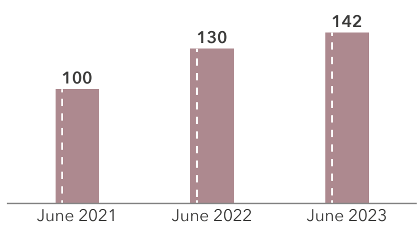
Growth drivers

- **Large and growing addressable market:** Optasia enables numerous MNOs and financial institutions to provide financial services to almost 100 million customers a month on average, from an addressable base of over 560 million mobile subscribers
- **Geographical expansion:** Optasia reaches customers in more than 30 countries, with a focus on emerging markets in sub-Saharan Africa ("SSA"), the Middle East, Asia and Latin America. Optasia has a highly-scalable business model and continues to expand to new markets globally
- **Product expansion:** Optasia has an established AI-technology platform and relationships with MNOs and financial institutions that is being leveraged to expand into adjacent products (e.g. buy-now-pay-later services for SMEs)

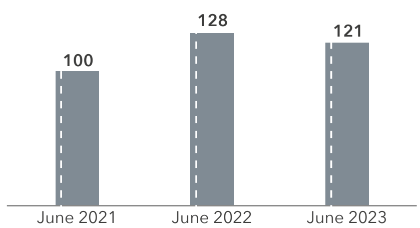
Financial performance in US$

- **Optasia has continued to deliver** on ACS advances, with strong momentum on MFS
- **Good growth in local currency terms has however been offset by weakening FX rates**, particularly in key territories (Nigeria, South Africa, Zambia and Pakistan)
  - In US$, LTM advances grew c.10%, but EBITDA declined 5% y-o-y driven by (i) FX losses, (ii) higher defaults in Nigeria due to regulatory requirements (National Identification Number), (iii) investment in new deployments, and (iv) a weaker US$ (most operating costs are Euro-based)
- The delivery of new deployments is strong and **scheduled to ramp up in H2 2023**

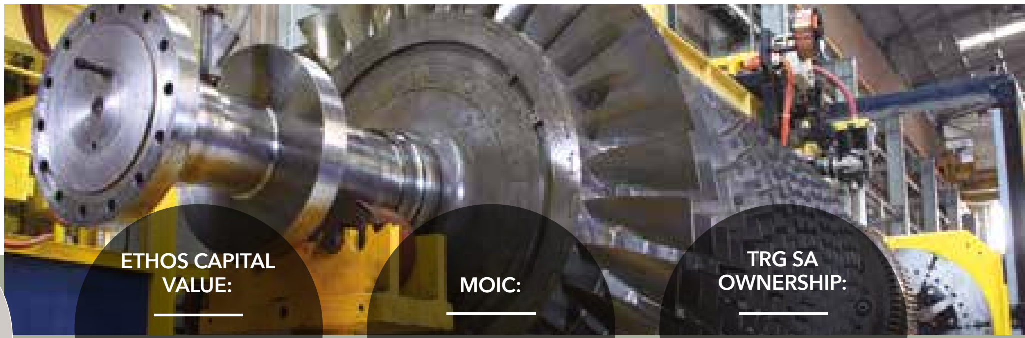
LTM ADVANCES (rebased to 100)



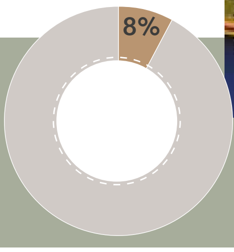
LTM EBITDA (rebased to 100)



SYNERLYTIC | GROUP HOLDINGS



% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R203m
+20% 1-YR RETURN

MOIC:
2.0X
VS. 1.7X IN JUNE 2022

TRG SA OWNERSHIP:
94%
(EMMF I)

Synerlytic owns two independent business units: **The Particle Group** and **WearCheck**

the particle group

Through **AMIS (South Africa)** and **CND (Canada)**, The Particle Group manufactures and supplies a wide range of matrix matched Certified Reference Materials to Mining and Exploration Companies and Mineral Laboratories

WEAR CHECK
Condition Monitoring Specialists

WearCheck is one of the leading oil condition monitoring specialists on the African continent, specialising in a range of condition monitoring techniques, which includes the scientific analysis of used oil and other fluids from mechanical and electrical systems

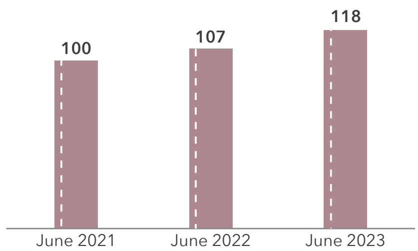
Growth drivers

- **Maintain and extend profitability of the core business:** Synerlytic has a well-established customer base and globally competitive margins with a cost advantage over major international peers. Significant growth opportunity from the cross-selling and continued diversification of products / services to existing clients
- **Product and/or Geographical expansion through M&A:** Synerlytic operates in a fragmented industry, allowing for attractive M&A opportunities to drive product and/or geographical expansion. The Particle Group successfully concluded the acquisition of CND, a Canadian-based producer of Certified Reference Materials and, more recently, WearCheck acquired Sea Point Water Laboratories and is now able to offer water analysis services
- **Technology-enabled efficiencies**

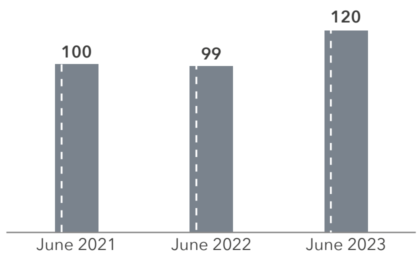
Financial performance

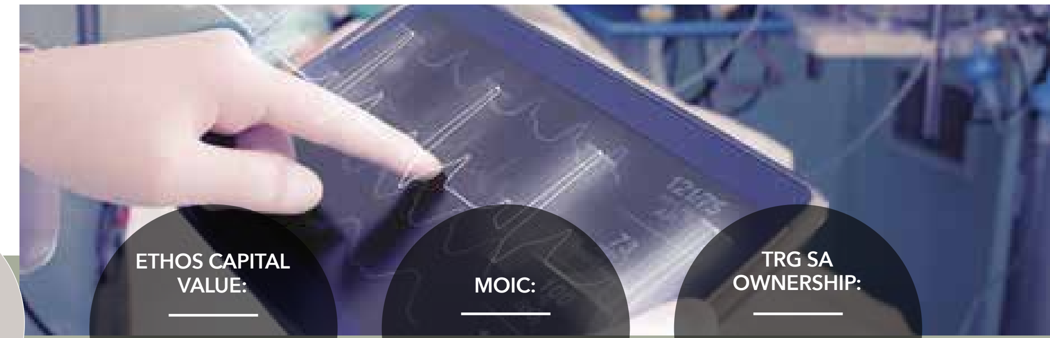
- **Synerlytic's steady growth momentum has continued**, with LTM revenue up 11%
- **LTM EBITDA increased by 21%,** benefitting from the upfront investment in people in prior years and value creation initiatives
- **WearCheck's volumes have held up well** after implementing price increases to combat input cost pressure
- The Particle Group continues to deliver strong operational results; **AMIS is ahead of budget** and **CDN is materially ahead of the original investment case**

LTM REVENUE (rebased to 100)

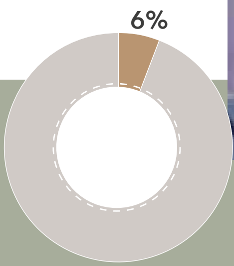


LTM EBITDA (rebased to 100)





% OF TOTAL ASSETS



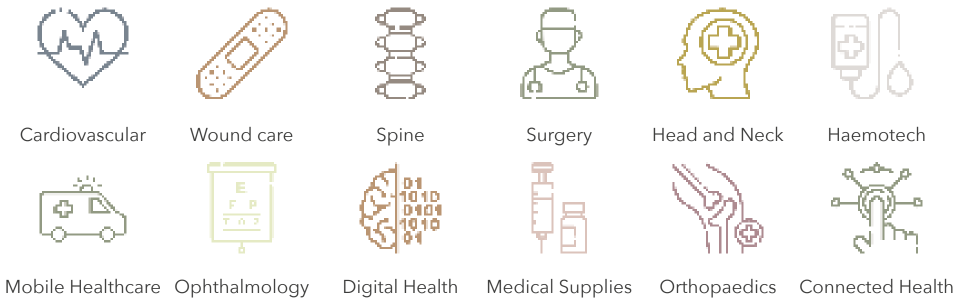
ETHOS CAPITAL VALUE:
R168m
-11% 1-YR RETURN

MOIC:
1.3X
VS. 1.5X IN JUNE 2022

TRG SA OWNERSHIP:
80%
(EF VI, TRG AAiF I & EHP)

Vertice is a South African based **medical technology company** with a continent-wide footprint that provides **turnkey medical solutions across several healthcare sectors.**

The platform has been created through a **buy-and-build strategy** with **nine successful bolt-on acquisitions** concluded since the TRG SA investment



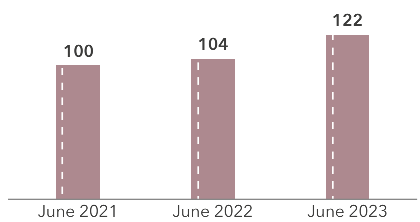
Growth drivers

- **Organic growth:** Significant potential for Vertice to grow both in terms of market share, market value and product categories within South Africa and SSA
- **Integration of bolt-on acquisitions:** Vertice has concluded nine bolt-on acquisitions, diversifying the product offering and increasing scale. The business is focused on integration of the acquisitions with cost savings realised as a result of consolidation into a single head-office and warehouse
- **Digital Transformation:** Digital transformation of processes in the business through IoT and AI engines, with the first AI-driven diagnostic product successfully launched in the cardiology division. Vertice plans to introduce industry analytical engines to inform market development

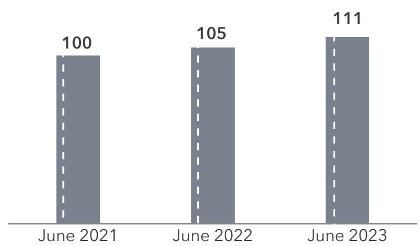
Financial performance

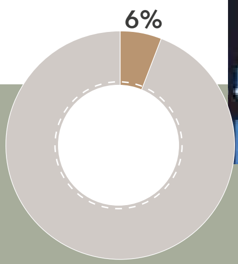
- **Vertice's growth has accelerated;** LTM revenue and EBITDA have increased by 17% and 6% respectively
- The improvement has been driven by **ONCS (Orthopaedics), LTE (Mobile Clinics) and Surgical**
- **Several optimisation initiatives are underway,** including cost reduction at PSSG to meet lower demand for services and product range rationalisation at Jumla to reduce working capital requirements
- A number of small underperforming businesses have been sold

LTM REVENUE (rebased to 100)



LTM EBITDA (rebased to 100)





% OF TOTAL ASSETS

ETHOS CAPITAL VALUE:
R166m
+2% 1-YR RETURN

MOIC:
1.1X
VS. 1.1X IN JUNE 2022

TRG SA OWNERSHIP:
31%
(EMMF I & TRG AAiF I)

Crossfin invests in high growth, established, cash generative FinTech solutions to enable growth for companies in Africa & beyond. The platform consists of four key verticals:

Acquiring	Issuing	Software	Ventures
Payment gateway, rewards platform, payment acquiring services and POS software	Provides leading card, mobile and processing platforms, enable payment acquiring	Provides payment & info processing solutions for the financial services industry	Provides pre-seed funding to promising, scalable FinTech start-ups

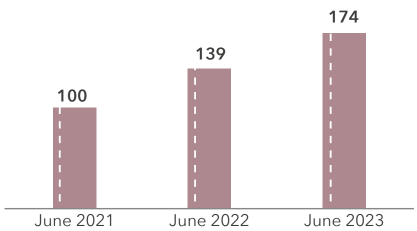
Growth drivers

- **Organic growth:** Crossfin operates in a tailwind sector, with organic growth opportunities (payment ecosystem, e-commerce, software). Crossfin's portfolio processes over 270 million card and 20 million mobile-enabled payment transactions p.a. (aggregated value > R100bn)
- **Continued M&A or new verticals:** Product, vertical and geographical expansion through M&A or the establishment of new pillars. Additional benefits from cross-selling opportunities within the businesses and realising operational synergies
- **Influence technology:** Crossfin aims to influence technology across the value chain from point of processing to point of fulfilment, either directly or through partnerships

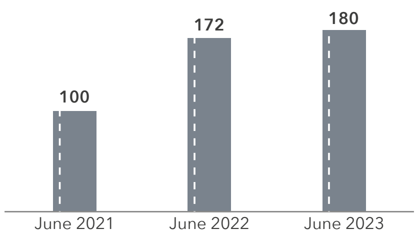
Financial performance

- **Crossfin has performed well;** LTM revenue is up 25% and LTM EBITDA growth is 5%
- **Akelo** has exceeded budgeted revenue and EBITDA on the back of a significant contract win from a major local retailer
- **Adumo** has benefitted from the outperformance of the payments businesses; **iKhokha** has delivered robust revenue growth but EBITDA continues to be affected by investment in marketing spend to support merchant sign-ups and brand awareness
- **Sybrin** has been impacted by delays in the implementation of new projects; a new CEO has been appointed for this business

LTM REVENUE (rebased to 100)

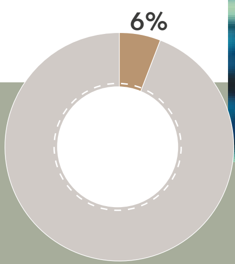


LTM EBITDA (rebased to 100)



echo service provider

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R160m
-22% 1-YR RETURN

MOIC:
0.9X
VS. 1.1X IN JUNE 2022

TRG SA OWNERSHIP:
64%
(EMMF I & TRG AF VII)

Echo is a **corporate Internet Service Provider** ("ISP"), providing information and Communications Technology services through an **aggregation of third-party networks**. In 2019 Echo South Africa acquired Gondwana, a scaled independent ISP with a significant African footprint and provides wireless, terrestrial and satellite communication services

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

Managed Networks | Connectivity | Cloud and Hosting | Security

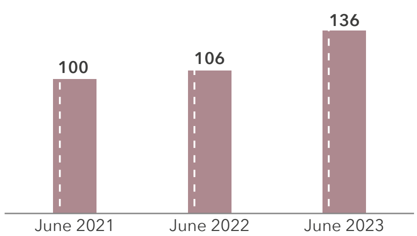
Growth drivers

- **Organic growth:** Data consumption in Africa is continues to grow, with the B2B service market growing faster than any other segment of ICT in SSA. Echo is well positioned to increase its share of this growing market, with >102 interconnects and direct connects with upstream infrastructures, resulting in access to all networks and Data Centre facilities
- **SSA presence and expansion:** Echo has operations and licenses across 9 countries in SSA and strategic partners across 44 countries, providing the widest range of carrier connectivity coverage across Africa; a key differentiator to peers. Echo's focused SSA expansion strategy targets servicing multinational companies across geographies
- **Drive cross-sell of existing products and services beyond the more basic telco and network services**

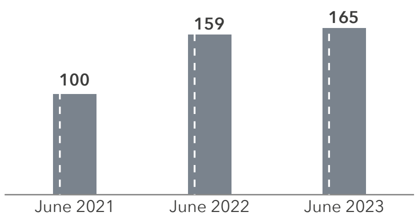
Financial performance

- **LTM revenue is up 28% and LTM EBITDA growth for the SA business is up 4%**
- **However, the South African business has underperformed recently:**
  - Sales growth and pipeline conversion have slowed
  - The loss of a significant contract (not related to Echo service delivery) will impact future EBITDA
- **International business is improving, yet inconsistent**
  - Revenues are recovering but sales cycles are long and pipeline conversion remains slow
  - Certain territories remain sub-scale and under pressure
  - Management team continues to assess optimisation strategies

LTM REVENUE (rebased to 100)

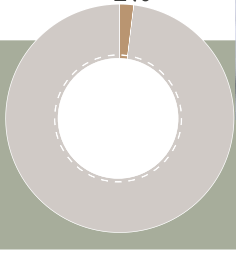


SA LTM EBITDA (rebased to 100)



e4 YOUR FUTURE, TODAY.

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE:
R54m
NEW INVESTMENT

MOIC:
1.0X
NEW INVESTMENT

TRG SA OWNERSHIP:
16%
(EMMF I)

Focused on **software as a service**, e4 leverages technology to completely **transform customer processes**. As one of the pioneers of digitalisation in South Africa over the 20 years, e4 has used their experience to build on, and create a solid foundation as a **leading digital transformation specialist**, which has ensured their success as a fintech business

e4 works with their clients to solve complex challenges that arise due to the fast-developing digital landscape, their service offering includes:

- Conveyancing platforms
- On-boarding platform
- Fulfilment platform
- Governance

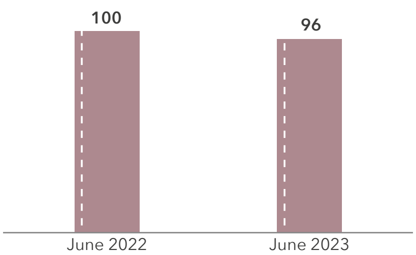
Key elements of the investment thesis

- Layering of new solutions for existing customers thereby continuing the execution of the proven "blueprint"
- Increase pricing at CPI+ to better reflect the true value of the business' value proposition to clients
- Grow the conveyancer market share
- Continue to layer in data searches and capabilities to increase ARPU at SearchWorks
- Successfully replicate and adapt the value offering to the UK market

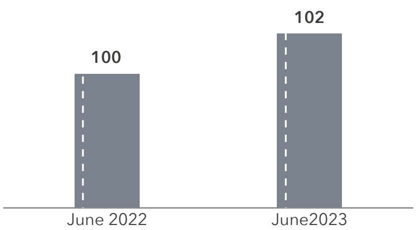
Financial performance

- Performance has been reasonable with **LTM revenue down 4%** while **LTM EBITDA grew by 2%**
- Local mortgage volumes (down 20%) have been negatively impacted by high interest rates and low consumer confidence
- The **SearchWorks division has performed** well and is growing at 26%
- This business has **successfully pivoted to other sectors** including FMCG and financial services away from PropTech which is positive for growth and margin expansion

LTM REVENUE (rebased to 100)



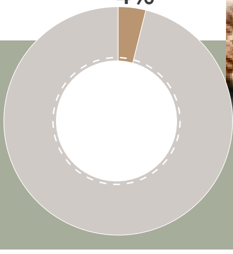
LTM EBITDA[1] (rebased to 100)



[1] *Adjusted for pre-acquisition long-term incentive fees*

Premier
Growing Together

% OF TOTAL ASSETS



ETHOS CAPITAL VALUE: R111m
-7% 1-YR RETURN

MOIC: N/A

TRG SA OWNERSHIP: 12.8%
(TRG AF VII, EDI & LC)

Premier is a leading South African FMCG manufacturer offering branded and private label solutions

Year ended 31 March 2023 (FY23)

Revenue: R17.9bn
+23% YoY

Adjusted EBITDA: R1,731m
+16% YoY[(1)]

Adjusted EBITDA margin: 9.6%
FY22 = 10.2%[(1)]

Adjusted EBIT: R1,292m
+28% YoY[(1)]

Adjusted EBIT margin: 7.2%
FY22 = 6.9%[(1)]

ROIC (2): 19.1%
FY22 = 14.8%

Net profit: R795m
+186% YoY

Net profit margin: 4.4%
FY22 = 1.9%

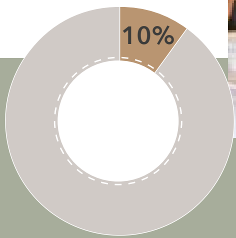
Net third party debt: Leverage ratio of 1.7x
FY22 = 1.6x

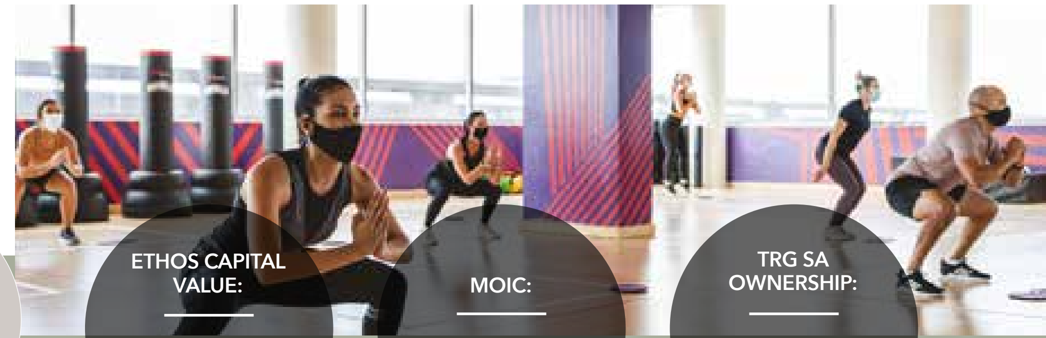
[(1)] *Prior year EBITDA and EBIT adjusted by adding back an impairment loss of R130 million*

[(2)] *Refers to return on invested capital which was adjusted for the revaluation of intangibles in the current year and capital projects not yet commissioned in the prior year*

Virgin active

% OF TOTAL ASSETS





ETHOS CAPITAL VALUE: R276m
+9% 1-YR RETURN

MOIC: N/A

TRG SA OWNERSHIP: 12.8%
(TRG AF VII, EDI & LC)

Virgin Active is one of the leading international health club operators providing customers with a combination of outstanding exercise experiences

			% Dec-2019 membership
SOUTH AFRICA	37%	• Year-to-date ("YTD") August sales of 152k with net membership growth of 22k members and active members increasing to 601k • Terminations remain elevated, largely driven by poor quality of sales; management actions to address the high attrition rates include changes to the sales commission structure and improved customer engagement • Refurbishment of a number of key clubs underway with encouraging operating metrics post reopening	84%
ITALY	25%	• YTD August sales of 65k with net membership growth of 13k members increasing active members to 158k • Sentiment remains positive, with the focus now on yield performance and promotional campaigns	109%
UNITED KINGDOM	24%	• Strong sales for the eight months of 53k with net membership growth of 10k members increasing active members to 129k • Sales were boosted by solid sales team performance across all clubs and supported by promotional campaigns. Sentiment continues to be positive as London continues to recover post COVID with higher office attendance helping boost London sales • Focus on reducing operating costs to offset increase in utility costs with growth capex spend on selected clubs	94%
APAC	14%	• Sales for the eight months of 29k increasing active members to 58k • Australian membership is in line with budget while Thailand continues to experience recovery in membership numbers. Singapore's robust growth continues evidencing a robust terminations management strategy	93%
HEAD OFFICE		• Management restructuring the business to focus on global operational (not territory) responsibilities which will reduce central costs / improve accountability and implementation of best practice across territories • Significant focus on quantitative capital allocation on growth projects to expedite recovery whilst managing tight liquidity (due to rising interest rates, utility costs, loadshedding related capex, brought forward refurbishment capex)	

= contribution to YTD23 revenue

INVESTMENT GUIDELINES AND STRATEGY

Objective

Ethos Capital's objective is to develop a diversified portfolio of investments that will provide its shareholders with superior long-term returns by leveraging TRG SA's active management model to maximise investor returns.

The Ethos Capital investment proposition is based on:

1 | Unique access point:

The Company offers a unique opportunity to invest in and co-invest alongside TRG SA Funds through a liquid and efficient vehicle listed on the JSE and governed by an independent Board of non-executive Directors with deep private equity experience.

2 | Demonstrated performance:

Ethos, now merged with the TRG Group, was the largest private equity firm in sub-Saharan Africa ("SSA"), with an established track record of investment returns delivering a realised gross IRR of 24% over 39 years.

3 | Diversification:

Ethos Capital provides public market investors with a liquid vehicle to indirectly access a diversified pool of unlisted small to mid-sized companies through equity or equity-like instruments, which will be actively sourced by TRG SA to optimise investor returns.

4 | Alignment of interests:

Strong economic alignment exists between TRG SA – the Investment Advisor – and Ethos Capital, as a result of significant investments by TRG SA in Ethos Capital's A Ordinary Shares and in the TRG SA Funds.

5 | Experienced private equity non-executive Directors:

The Board has an extensive understanding of and a significant track record in the private equity industry in order to make optimal investment decisions for Ethos Capital.

6 | Structural efficiency:

Ethos Capital conducts its business operations from Mauritius due to the business-friendly environment, the spread of tax treaties Mauritius has with many of the jurisdictions Ethos Capital invests in, and the acceptance among global investors of Mauritius as an investment jurisdiction. This, combined with TRG SA's fee structure (designed to ensure there are no "fees on fees") gives structural efficiency and fiscal transparency to Ethos Capital.

7 | Liquidity management:

Ethos Capital actively manages liquidity in the best interests of its shareholders. As part of its liquidity strategy, the Board is committed to enhancing the NAV per A Ordinary Share. As part of this strategy, the Board may utilise share repurchases to enhance shareholder value.

Strategy

Ethos Capital's investment objective will be achieved through the following strategies which are the primary lines of business of Ethos Capital:

1 | Primary Investments:

Commitments to various TRG SA Funds during their respective fundraising processes.

2 | Secondary Investments:

Acquisitions of existing Limited Partner interests in established TRG SA Funds.

3 | Direct/Co-Investments:

Direct acquisitions of interests in underlying Portfolio Companies alongside TRG SA Funds to the extent that the TRG SA Funds require co-investors in the underlying Portfolio Companies.

4 | Temporary Investments:

Temporary Investments in a portfolio of low-risk, liquid debt instruments (including, inter alia, South African government bonds, NCDs and other similar, low-risk, liquid instruments) for cash management purposes, as appropriate.

Sectors

Ethos Capital's investments will provide exposure to a broad range of sectors, allowing it to gain access to growth and businesses at an early stage of maturity in which management teams remain equity incentivised.

No investment is allowed in any start-up business or where a prospective investment's business activities or operations involve:

- a prohibited activity, as defined in the investment guidelines;
- the development of raw land; or
- the exploration or development of oil and gas and/or natural resources.

Geographies

Ethos Capital's primary focus for its investments will be companies headquartered in South Africa and other selected countries in SSA. Ethos Capital may also invest in new Fund strategies, the exposure to which will be governed and considered by the Ethos Capital Board.

Growth in invested NAV

Ethos Capital's objective is to maximise growth in invested NAV and NAVPS.

Relationship with Investment Advisor

The JSE has granted a dispensation to the effect that transactions (constituting less than 10% of the Company's market capitalisation and subject to some restrictions) entered into by the Company in the ordinary course of business involving TRG SA, TRG SA Funds and their respective associates, will not be regarded as related-party transactions for the purposes of the Listings Requirements. Shareholder approval will therefore not be required for such non-related-party transactions.

Communication of transactions

All transactions concluded in accordance with the Investment Strategy will be regarded as being in the ordinary course of business, unless circumstances dictate otherwise.

Subject to the applicable laws and regulations, communication with institutional shareholders and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any information considered material to investors and shareholders.

With respect to all related-party transactions, communication with shareholders will be made in accordance with the Listings Requirements, as applicable.

Approval of Investment Strategy

The Investment Strategy was approved by shareholders on 11 July 2016 in compliance with section 15 of the Listings Requirements and by the Board on 11 July 2016. Any future material changes to (i) the Investment Strategy, must be approved by shareholders by way of ordinary resolution, and (ii) the Investment Guidelines, must be approved by the Board and the JSE, to the extent required.

INVESTMENT ADVISOR

Investment services agreement

Ethos Capital has an investment services agreement detailing the terms by which TRG SA – as its Investment Advisor – will provide investment advice, including sourcing of investments, administration and back-office services to Ethos Capital.

Duration and termination

The initial investment services agreement with Ethos became effective on the listing date, 5 August 2016. Following the completion of the merger between Ethos and the TRG Group, an amended and restated investment services agreement was signed that became effective on 1 April 2023. It can be terminated by Ethos Capital or TRG SA by written notice given to the other party at any time after the date on which Ethos Capital no longer holds any Direct, Primary or Secondary Investments.

Fees

As payment for the above services, TRG SA receives an investment services fee, management fee and administration fee, all calculated and paid quarterly in arrears.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to Direct Investments, unless other terms or exemptions are agreed between TRG SA and Ethos Capital. The management fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to the Primary Investments within each Fund in which Ethos Capital invests.

In respect of any Secondary Investments acquired, the management fee payable will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund according to the partnership agreement governing that partnership.

TRG SA receives an administration fee of 0.25%, based on the average balance of the Temporary Investments, for providing administrative and back-office services. The administration fee paid to TRG SA is reduced by any fees payable to the manager of the Temporary Investments.

Performance participation

In addition to the above fees, Ethos is entitled to a performance-based participation if certain returns are achieved; this arrangement was not transferred to the TRG Group and remains between Ethos Capital and Ethos. The participation is to be settled through the release of encumbered shares and subsequent to that, the payment of a cash dividend. The performance participation is based on 20% of the growth in NAV of invested assets (excluding Secondary Investments and where agreed between Ethos and Ethos Capital, certain other Investments might also be excluded) and is triggered if the NAV growth exceeds a preferred hurdle of 10%. The performance is measured over a cumulative three-year measurement period to ensure the average NAV growth over the period exceeds the preferred hurdle. Similarly to fees, any performance-related payments in respect of Secondary Investments are charged by and payable to the manager of such Fund according to the relevant partnership agreement.

Investment experience

The experience of the Investment Advisor is set out in the Investment Advisor's Report on page 43 of the Integrated Annual Report.

INVESTMENT ADVISOR'S REPORT

Introduction to Ethos

Founded in 1984, the Firm managed investments in private equity and credit strategies and targets control buyouts and selected expansion capital investments in companies with strong growth potential.

Ethos managed investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development finance institutions, insurance companies, family offices and Ethos Capital. Investors are based in Southern Africa, Europe, North America and Asia.

The Firm had a 39-year track record of successful, sustainable investing across multiple economic and political cycles.

On 1 April 2023, Ethos merged with The Rohatyn Group, an alternative asset management firm headquartered in New York.

Introduction to TRG

TRG was founded in 2002 by Nicolas Rohatyn as an alternative asset management firm focused on investing in the global emerging markets. The business has grown both organically and through the acquisition of certain third-party asset management businesses, with the merger with Ethos in April 2023 being the most recent transaction.

TRG's asset management business is managed by a team of senior professionals with extensive experience in a diverse range of asset classes within the emerging and global markets. TRG's investment advisory services are supported by a robust business management platform with expertise in risk management, finance and accounting, legal and compliance, global operations and custody, marketing, investor relations and information technology.

TRG has offices in New York, Boston, Buenos Aires, Johannesburg, Lima, London, Montevideo, Mumbai, Nairobi, New Delhi, Rotorua, São Paulo and Singapore.

As at 30 June 2023, TRG managed client assets totalling c.US$8.5 billion (c.ZAR160.3 billion).

People

The firm employs over 190 professionals based in 18 countries across North and South America, Europe, the Middle East, Africa, India, Southeast Asia, and Oceania. The majority of the firm is indirectly owned by its partners.

Investment strategy

TRG offers a diverse range of investment advisory services and strategies focused primarily on emerging markets. TRG's investment strategies span multiple asset classes and comprise four primary business lines: private equity and credit, forestry and agriculture, infrastructure and renewable energy, and public markets. The firm is able to offer investors both traditional forms of exposure to emerging markets as well as customised solutions. TRG provides both discretionary and non-discretionary investment advisory services.

TRG provides investment advisory services to pooled investment vehicles ("Funds" and separately managed accounts ("SMAs"), which from time to time may include a wide variety of investors, including, but not limited to, endowments, foundations, employee benefit plans, family offices, governmental entities, taxable corporations, pooled investment vehicles, trusts, other institutions and high net worth individuals.

Business strategies

Since TRG's inception, it has expanded its expertise in a wide range of investment disciplines and currently has product offerings across private and public markets. In formulating advice and managing assets, TRG primarily relies on fundamental analysis. TRG's multi-product line construct is designed to support information flow and business efficiency, creating synergies across strategies that enhance overall performance. TRG leverages these resources to offer investors both traditional forms of exposure to emerging markets as well as customised solutions in the form of bespoke mandates or separately managed accounts.

Private Equity and Credit

Private Equity and Credit encompasses a collection of global, regional and country focused Funds and SMAs. Geographic coverage is primarily focused on Latin America, Eastern Europe and Africa but also includes Asia and the Middle East. Investments are focused on relevant large equity, mid-market, late-stage growth capital and buyouts in companies with:

(i) an established market leadership position;

(ii) sound, clearly identifiable growth prospects;

(iii) strong financial position with stable predictable cash flows;

(iv) potential to be a platform for local, regional and international market consolidation; and

(v) international focus and a strong management team.

Forestry and Agriculture

Forestry and Agriculture includes a number of Funds, SMAs and joint ventures. Geographic coverage spans New Zealand, the United States, Australia and Latin America. While TRG considers a broad spectrum of investment opportunities, including ones marketed in competitive open bid processes, many of TRG's investments in forestry and agriculture are focused on properties that are expected to attract less competition from other buyers. This includes properties that have a low level of expected cash flow in the near term (and are thus not suitable for debt financing), properties that are located in lesser-known areas (including outside the United States) and properties that require intensive upfront structuring (such as multi-party transactions). Such properties may then be held until they become more marketable.

Infrastructure and Renewable Energy

Infrastructure and Renewable Energy encompasses a TRG affiliate, as well as global and country focused renewable and clean energy strategies, including a joint venture. Geographic coverage spans Southeast Asia as well as Mexico, Brazil, India and China. Investments are primarily made in operating assets or assets expected to become operational and generate cash flows within a reasonable period of time after investment.

Public markets

Public Markets includes TRG's fixed income strategies and equities strategies, as well as certain other strategies pursued by TRG-sponsored hedge funds. TRG manages long only fixed income and equity investment strategies as well as multi-asset class discretionary macro hedge funds. The investable universe spans more than fifty emerging and frontier markets in addition to several other countries on an opportunistic basis.

Current private equity and credit investment offerings applicable to Ethos Capital

Large equity

EF VI and TRG AF VII (previously EF VII) focus on larger private equity transactions of between R350 million and R900 million per investment, targeting companies with enterprise values ("EVs") of between R1.5 billion and R7.0 billion. The Funds invest in companies with market-leading positions, an identifiable competitive advantage, strong cash flows and significant growth potential.

As an active investor, TRG SA capitalises on its proven experience of owning businesses across a variety of investment, economic and political cycles to maximise value post investment and generate superior returns.

EF VI has nine live Portfolio Companies: Autozone, The Beverage Company, Eazi Access, Neopak, Primedia, RTT, Twinsaver, Vertice MedTech and Waco.

TRG AF VII has three investments: Optasia, Echo and Brait (A ordinary shares and exchangeable bonds), which consists of a portfolio of large companies including Virgin Active, Premier and New Look.

Mid market

EMMF I held a successful final close of R2.5 billion in 2018. The Fund seeks to make investments predominantly in mid-market leveraged buyouts and for growth, targeting transactions between R100 million and R350 million and with an EV of between R0.5 billion and R1.5 billion.

This Fund aims to invest in entrepreneurial businesses, corporate spin-offs, and optimisation opportunities where it can accelerate growth. Together with management teams, EMMF I develops and enables strategic objectives, provides a third-party perspective on performance and implements high standards of governance and financial reporting.

The EMMF I is a black private equity fund as defined by the B-BBEE codes and is therefore able to confer strong empowerment credentials to the underlying Portfolio Companies.

EMMF I is currently fully deployed, with investments in Autozone, Echo, Eazi Access, Kevro, MTN Zakhele Futhi, Twinsaver, Gammatek, Synerlytic, Crossfin and E4.

Mezzanine

TRG MP3 (previously EMP 3), a closed-end mezzanine debt fund, provides mezzanine and quasi-equity growth or acquisition financing solutions to companies in Southern and East Africa.

It invests in a broad spectrum of mezzanine financial instruments, each one tailored to meet the needs of a specific transaction or borrower. These instruments will include, inter alia, second lien loans, convertible loans, payment-in-kind notes and preference shares.

TRG MP3 held a final close in December 2019 with commitments of US$123 million.

The Fund has concluded four investments so far: Chibuku, Turaco, Grit and Kinetic.

Ai

TRG SA's inaugural Ai Fund, TRG AAiF I (previously EAiF I), was launched in 2018. The Fund's strategy is to make investments in companies where algorithmic decision making can be deployed in multiple places in the value chain which impact the value of the business. It includes targeting growth equity in established companies, mostly alongside other TRG SA-managed Funds, as well as earlier stage businesses.

The Fund held a final close in October 2020 with commitments of R745 million. TRG AAiF I is now fully deployed and has made four investments in: Optasia, TymeBank, Vertice MedTech and Crossfin.

Sustainability/ESG

TRG recognises the importance of environmental, social and governance matters ("ESG"), and their contribution to the value of businesses today. TRG commits to consider material ESG issues in the course of its due diligence and in the monitoring of portfolio investments to the extent reasonably practical under the circumstances and to the extent required by each mandate.

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

Further details are provided in the Sustainability and Social and Ethics Report on page 59.

GOVERNANCE

CORPORATE GOVERNANCE REPORT

Commitment

Ethos Capital is committed to the principles of sound governance and application of the highest ethical standards in the conduct of its business and affairs. The Board is committed to the values and characteristics of competency, responsibility, accountability, fairness, integrity and transparency of King IV. The Directors accept full responsibility for the application of these principles to ensure that good corporate governance is effectively practised at Ethos Capital. Furthermore, the Board understands and accepts its responsibility to the shareholders of Ethos Capital and endeavours to ensure the Company conducts its business in the best interests of its shareholders.

The Board is responsible for ensuring compliance with all statutory obligations as specified in the Constitution of Ethos Capital, the Mauritius Companies Act, the Listings Requirements and all other applicable regulatory requirements.

The Directors endorse King IV and recognise the need to conduct the affairs of Ethos Capital with integrity and in accordance with generally accepted corporate governance practices. In discharging this responsibility, the intention is to apply the principles of King IV in both letter and spirit. The Directors recognise they are ultimately responsible for the financial performance of Ethos Capital. The Directors have taken steps to ensure compliance with the Listings Requirements (save as exempt or where the JSE may provide dispensation) and the application of the principles of King IV. It should be noted that Ethos Capital, as an investment entity, does not have and will not conduct, traditional operations, and thus not all the traditional corporate governance structures and practices envisaged by King IV are appropriate to Ethos Capital and its business as an investment entity. The Company does not have any executive employees.

Application of King IV

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

Board

Responsibilities

The Board is ultimately responsible for Ethos Capital's business, strategy and key policies, and for the approval of the financial objectives, targets and investment decisions.

In addition, the Board is required to:

- define and implement the long-term strategic vision of Ethos Capital;
- define and implement Ethos Capital's Investment Strategy, evaluate and make commitments to TRG SA Funds or Direct Investments via the Investment Committee;
- approve the annual business plan and budgets;
- promote organisational integrity and monitor and oversee Ethos Capital's values, ethics and its Environmental, Social and Governance ("ESG") approach and commitments, via the Social and Ethics Committee;
- monitor and review Ethos Capital's performance and delivery against strategy, business plans and budget;
- monitor and review the performance and delivery of services by TRG SA in terms of the investment services agreement;
- monitor, review and evaluate the performance of the portfolio;
- represent Ethos Capital on the relevant TRG SA Funds' advisory boards where appropriate;
- monitor and oversee Ethos Capital's recognition and management of risk, via the Audit and Risk Committee;
- monitor and oversee the appropriateness of financial processes, systems and controls, via the Audit and Risk Committee – protecting Ethos Capital's financial resources and position;
- monitor the appropriateness of business processes, systems and controls, and the effectiveness and competitiveness of Ethos Capital;
- approve the Annual Financial Statements and the Integrated Annual Report, after review and approval by the Audit and Risk Committee;
- monitor and oversee the appropriateness of regulatory compliance, processes and reporting via the Audit and Risk Committee – protecting Ethos Capital's regulatory reputation;
- monitor the policies and processes for open and honest communication with shareholders and other stakeholders – protecting Ethos Capital's business reputation;

- review the remuneration of Directors and employees via the Remuneration Committee;
- review the performance of the Company Secretary, as well as their competence, qualifications and experience annually, and report on whether or not the Board is satisfied therewith to the shareholders in the Integrated Annual Report;
- monitor and advise on the management of potential conflicts of interest of, and with, Board members, Senior Advisors, shareholders and other stakeholders;
- monitor and appreciate stakeholders' perceptions affecting Ethos Capital's reputation; and
- review the performance of the Board, Directors, and Board Committees and report on whether the Board is satisfied that it has fulfilled its responsibilities

Composition

The Board currently consists of five independent non-executive Directors, consisting of three non-South African citizens and two South African citizens. No Director qualifies as a historically disadvantaged South African and none are or are connected to any politically exposed person. The Board is satisfied that there is a clear division of responsibilities to ensure a balanced distribution of power, time and authority so that no one Director has unfettered powers of decision making. The Board has given consideration for the need to appoint a lead independent director, which was not deemed necessary at this stage; this will be considered on an annual basis.

Directors retiring by rotation

Per the Company's Constitution, at least one-third of the non-executive Directors retires by rotation at each Annual General Meeting ("AGM"). Retiring Directors are eligible for re-election until they have completed nine years of service as a Director.

Conflict of interest and other policies

As per the Company's Conflict of Interest policy, all Directors are required to sign an annual declaration stating they are not aware of any conflicts of interest that may exist as a result of their interest in or association with any other company, except as disclosed, setting out for record-keeping purposes all business-related interests they have. As soon as a Director becomes aware of any conflict of interest, they must disclose such conflict immediately. In addition, all conflicts have to be considered, declared and noted at the commencement of each Board and Committee meeting. No conflicts of interest were noted by any Director during the year.

In addition, all Directors have to adhere to the following policies of the Company: Code of Conduct and Ethics; Share dealing; and Disclosure of Information, that includes Disseminating of price sensitive information.

Board members

The Directors noted below served on the Board throughout the financial year. Mrs Stillhart and Mr Allagapen retire at the AGM and are eligible and offer themselves for re-election. The average age of the Directors is 57 years and the average length of service to Ethos Capital is 7 years. Biographies of all the Directors and their experience are as follows:

Yvonne Stillhart (55)

BSC ZFH

Appointed 15 June 2016

Chairperson, independent non-executive Director

Yvonne has over 30 years' experience in private asset investment management. She is an independent non-executive member of the board and audit and risk committee of UBS Asset Management Switzerland AG, the leading asset manager in Switzerland and a non-executive director and member of the audit committee of abrdn Private Equity Opportunities Trust Plc. Yvonne is also on the Board of Integrated Diagnostics Holding Plc. She previously chaired Unigestion (Luxembourg) S.A., an alternative investment fund manager ("AIFM"), investing globally via direct private equity investments, secondary and primary partnership investments. She was a co-founder and vice chair of the investment committee of Akina AG, a Swiss-based independent private equity manager who was acquired in 2017 by Unigestion S.A.

She has several decades of experience as a successful senior executive working with growth driven companies, transformational leadership, private asset and infrastructure investment, finance, banking as well as risk- and investment management across a wide range of industries and geographical regions, including Europe, USA and Africa.

She holds a Directors Certificate from Harvard Business School and is a Qualified Risk Director from the DCRO Institute. She also holds the ESG Competent Boards Certificate, and is fluent in German, English, Spanish and French.

Yuvraj Juwaheer (64)

LLB

Appointed 26 May 2016

Independent non-executive Director

Yuvraj currently serves as managing partner of YKJ Legal, a prominent law firm based in Mauritius. His expertise extends to advising on intricate corporate and finance transactions, , collective investment schemes, trusts, funds structuring and administration, banking and regulatory issues.

He has over two decades of experience in the global business sector and has previously served as an independent director for a number of Indian funds. Prior to his appointment at YKJ Legal, he served as partner at Bedell Cristin (Mauritius) Partnership from November 2010 to November 2016, and earlier as partner at Citilaw Chambers. His professional journey also includes a significant tenure as an executive director of a prominent licensed management company as well as a partnership at De Chazal du Mee.

Yuvraj's contributions extend beyond his legal practice. Notably, he was a key member of the steering committee set up by the Mauritian government in 2004 tasked with evaluating the feasibility of opening the legal profession to international law firms in Mauritius. Additionally, he served as the secretary of the Association of Offshore Management Companies of Mauritius in 2003.

Yuvraj's academic foundation comprises an LLB from the University of London. He was called to the bar at the Middle Temple in London and at the Supreme Court of Mauritius. He is also an Associate of The Chartered Governance Institute UK & Ireland a member of the Society of Trusts and Estate Practitioners and a member of INSOL International.

Derek Prout-Jones (60)

BCom, BAcc, CA(SA)

Appointed 1 June 2016

Independent non-executive Director

After completing his articles at Deloitte & Touche, Derek joined RMB in 1989 in the special projects division. During his 21-year career with RMB, he spent five years in corporate finance, specialising in business valuation methodologies, and then joined RMB Private Equity as one of the founding members.

He served as chief financial officer ("CFO") of RMB from 1999 to 2003 and was appointed as chief investment officer ("CIO") in 2003 to oversee the various principal investment activities of RMB. He held this position until 2009, when he moved back to RMB Private Equity to head the division, which included sitting on the boards of Ethos and RMB Corvest Proprietary Limited.

During his tenure as CIO, he served on the RMB divisional board and chaired the RMB proprietary management board, the RMB investment committee and the boards of RMB Australia Holdings and RMB International Dublin Limited. He was also a member of various group governance committees.

He left RMB at the end of 2010 and joined Michael Pfaff in a private company, 4 Decades Capital, pursuing long-term investment opportunities that typically fall outside the scope of traditional private equity.

He holds Bachelor of Commerce and Accounting degrees from the University of the Witwatersrand and was a member of the South African Institute of Chartered Accountants ("SAICA").

Kevin Allagapen (46)

BCom (SA), Executive MBA (UK)

Appointed 26 May 2016

Independent non-executive Director

Kevin started his career at Deloitte & Touche Mauritius in March 2000 and has over 23 years' experience in the financial services sector in Mauritius. He is the Founder and Group CEO of ChiLin Global Fiduciary Services Ltd a management company regulated by the Mauritius Financial Services Commission).

His areas of expertise span corporate, fund structuring, formation, management and administration services, private wealth, tax planning and compliance, accounting, regulatory and compliance matters. He also serves as a director on the boards of numerous global business companies and funds operating in diverse economic sectors such as agriculture, manufacturing, mining, infrastructure, commerce, engineering, logistics, aviation, shipping and financial services and in that capacity is involved in investment and disinvestment decisions, strategy development, statutory compliance and day-to-day operations.

Kevin also acted as an independent non-executive director of Mauritius Housing Corporation, a public company whose principal activities are granting loans for the construction of houses and to engage in deposits taking and was the chairman of the audit committee in 2014.

He holds a Bachelor of Commerce from the University of KwaZulu-Natal, Pietermaritzburg, South Africa, and an Executive MBA from the University of Birmingham, UK.

Michael Pfaff (62)

BCom, MBA

Appointed 1 June 2016

Independent non-executive Director

Michael began his career in corporate finance at Deloitte & Touche and Standard Merchant Bank after which he spent four years in the United States with NationsBanc Capital Markets (now Bank of America), as a director of structured capital markets.

In 1997, he joined RMB to help build its private equity division. He was instrumental in growing the bank's private equity division and led the bank's initiative to spin out Ethos (where he sat as a director for a number of years). He was a director of the bank's private equity business, RMB Ventures, responsible for initiating and leading various on-balance-sheet investments. He also sat on the bank's investment committee responsible for all private equity and principle investing decisions.

In 2000, he was appointed CEO at RMB and during his tenure (2000 to 2008) pretax profits grew eightfold. Throughout this period he continued to be involved in large private equity decisions and served as chairperson of RMB Corvest Proprietary Limited.

Post-RMB, he has been involved in building a brand business, including a health and beauty business called CaviBrands Proprietary Limited, and turning around a fashion business called New House of Busby. Furthermore, he and Derek Prout-Jones invest through a private company, 4 Decades Capital, into long-term investment opportunities that typically fall outside the scope of traditional private equity.

He remained on the RMB and FNB divisional boards until 2017.

He holds a Bachelor of Commerce from the University of Cape Town and an MBA from Duke University (Duke Fuqua Scholar) and was a member of SAICA.

Report

A report by the Board has been provided on page 73 of the Annual Financial Statements.

Board Committees

As provided for in the Constitution, the Board is supported and assisted by four Committees with clear mandates and oversight responsibility for various aspects of the business. The responsibilities delegated to each Committee are formally documented in the terms of reference for that Committee, and have been approved by the Board and are reviewed annually. The current composition and responsibilities of each of the four Committees are set out on pages 50 to 52 of this Corporate Governance Report.

Audit and Risk Committee

Responsibilities

The Committee has an independent role with accountability to the Board and shareholders for:

- the safeguarding of assets;
- financial and internal controls, compliance and reporting;
- financial and other risk management;
- the external audit and assurance, and the integrity of the Annual Financial Statements; and
- corporate governance.

Its key responsibilities are noted below.

External audit

Responsible for recommending the appointment of the external auditors and overseeing the external audit process, including:

- evaluating the performance and effectiveness of the external auditors and process, the independence of the external auditors, and considering and pre-approving any material non-audit services;
- considering and making recommendations to the Board and shareholders on the appointment and retention of the external auditors, and ensuring their appointment complies with the Mauritius Companies Act and the Listings Requirements;
- approving the terms of engagement and remuneration for the external audit engagement; and
- discussing, reviewing, considering and agreeing the external audit plan and reports.

Financial reporting

Responsible for examining and reviewing any financial reports, updates or announcements prior to the submission and approval by the Board for publication, focusing on:

- balanced and fair presentation;
- consistency of applicable accounting policies and standards;
- judgemental areas, significant adjustments and going concern; and
- risks relating to financial reporting, fraud risks and IT risks.

Risk management

Responsible for ensuring that Ethos Capital has implemented an effective policy and plan for risk management, to provide assurance and enhance Ethos Capital's ability to achieve its strategic and business objectives. To achieve this, the Committee should:

- oversee the development and annually review a policy and plan for risk management; and
- monitor and oversee the implementation of the policy and plan to ensure they are integrated with the day-to-day activities of Ethos Capital and the activities in terms of the investment services agreement.

Internal audit

Responsible from time to time to consider the need for an internal audit function, or for similar assurance services on an as-needed basis.

Members

The Audit and Risk Committee is chaired by Kevin Allagapen and its other members are Yuvraj Juwaheer and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Report

A report by the Audit and Risk Committee has been provided on page 70 of the Annual Financial Statements.

During the year, the Audit and Risk Committee considered the effectiveness and appropriateness of the CFO and the finance function and believes that they are suitably qualified and experienced. The Committee considered the Group's financial and business reporting systems, processes and procedures. The Committee also reviewed the systems of internal financial and business controls and deems all the above to be operating effectively, as a basis for the preparation of reliable financial statements.

In addition, the committee reviewed the management accounts and considered the controls of the controlled entity. Furthermore, the Committee requested and received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte & Touche and Justin Dziruni, as the designated individual partner, for the 2024 financial year.

Remuneration Committee

Responsibilities

The Committee is responsible for fair and responsible remuneration of the non-executive Directors and employees as well as the disclosure and reporting of relevant remuneration matters in the Integrated Annual Report. Its duties include:

- recommending the remuneration policy of the Company;
- proposing the non-executive Directors' remuneration annually to the Board;
- reviewing the terms of consultancy agreements entered into with the non-executive Directors;
- ensuring relevant, complete and transparent disclosure and reporting on remuneration matters; and
- ensuring annually that the remuneration policy and remuneration implementation report are put to a non-binding advisory vote at the AGM.

Members

The Remuneration Committee is chaired by Yuvraj Juwaheer and its other members are Kevin Allagapen and Michael Pfaff. All members are independent non-executive Directors of Ethos Capital.

Remuneration

The remuneration of the Directors is set out on page 103 of the Annual Financial Statements.

Policy and report

The remuneration policy and implementation report by the Remuneration Committee have been provided on pages 57 and 58 of this Corporate Governance Report.

Investment Committee

Responsibilities

The Committee is responsible for the Investment Guidelines and Strategy, evaluating and making recommendations about investment opportunities on behalf of the Company and monitoring the performance of the investment portfolio. Its duties include:

- considering and proposing any changes to the Investment Guidelines and Strategy;
- overseeing the implementation and adherence to the Investment Guidelines and Strategy;
- analysing and evaluating proposed investments, including Primary Investments, Secondary, Investments, Direct Investments and Temporary Investments;
- interacting regularly with the Senior Advisors regarding the investment portfolio, investment pipeline and Ethos Capital's liquidity profile;
- participating and being a member of the advisory boards of the TRG SA Funds in which Ethos Capital is invested; and
- monitoring, reviewing and advising on the performance of the investment portfolio.

The Committee has no capacity to conclude or bind the Company to any investments but can only recommend proposed investments to the Board for approval.

Members

The Investment Committee is chaired by Derek Prout-Jones and the other member is Michael Pfaff. Both members are independent non-executive Directors of Ethos Capital.

While King IV recommends for each Committee of the Board to have three members, the Board is satisfied that, given the specific levels of private equity experience required and the specialised nature of the Investment Committee's roles and responsibilities, having only two highly experienced, skilled and knowledgeable members of the Investment Committee is for now appropriate for the Investment Committee to execute its duties effectively.

Social and Ethics Committee

Responsibilities

The Committee is responsible for the social and ethical conscience of the Company, sustainability and stakeholder relationships, and to ensure the Company behaves as a responsible corporate citizen, collectively referred to as ESG. Its duties include:

- reviewing and approving the policies, frameworks and procedures to manage ethics and the avoidance of corruption within the Company;
- reviewing and monitoring progress towards B-BBEE and transformation;
- reviewing and monitoring the policies and procedures to assess compliance with health, safety and environmental laws and regulatory requirements and their impact on investments;
- reviewing and monitoring the Company's policies, approach, procedures, compliance and reporting of its ESG commitments, whether required under any law or regulatory body of any jurisdiction that it operates in, or voluntarily;
- reviewing and monitoring the quality and appropriateness of stakeholder relations; and
- monitoring and assessing the appropriateness of the Company and Ethos' corporate social investment activities and reporting.

Members

The Social and Ethics Committee is chaired by Yuvraj Juwaheer and its other members are Yvonne Stillhart and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Other Committees

The Board has given consideration to the need for the Company to have a Nomination Committee, which was not deemed necessary at this stage. This will be considered on an annual basis. Board succession management and the appointment of Directors are considered to be matters for the Board as a whole. Appointments will be made via a formal and transparent procedure in terms of Ethos Capital's Constitution. Directors will be nominated based on their calibre, credibility, knowledge, experience, impact they are expected to have and the time, and attention they can devote to the role.

Attendance at Board and Committee meetings

Attendance by the Directors at Board meetings and Board Committee meetings during the financial year is set out below:

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	Investment Committee
Number of meetings held	**3**	**3**	**1**	**1**	**–**[1]
Directors' attendance					
Derek Prout-Jones	3	3	N/A	1	–[1]
Kevin Allagapen	3	3	1	N/A	N/A
Michael Pfaff	3	N/A	1	N/A	–[1]
Yuvraj Juwaheer	3	3	1	1	N/A
Yvonne Stillhart	3	N/A	N/A	1	N/A

[1] *While the Investment Committee did not meet formally during the year, the members did provide ongoing monitoring and oversight over the investment portfolio, including its performance and pipeline, the liquidity profile of the Company and other strategic updates through communications with the Senior Advisors and their respective roles as members of the relevant advisory boards of the TRG SA Funds. The Investment Committee provided extensive feedback on the above matters to the Board at the respective Board meetings that were held during the year.*

Policy on broader diversity at Board level

As stated above, when new or replacement Directors are considered, the Board assesses the skills of the Board as a whole, to identify any areas that need strengthening.

The Board believes, as a whole, it currently represents an appropriate balance of skills, outlook, experience and knowledge to conduct its roles and responsibilities. The Board also believes that diversity of experience, culture and outlook, including age, gender and race diversity, among Board members is of great importance. It is the Board's policy to give careful consideration to issues of Board balance and diversity when making new appointments and to do so on merit. The Board currently does not have any specific diversity targets, but the Board has to consist of at least two Directors who are resident in Mauritius. The above was not applicable since there were no nominations or appointments of Directors during the year.

Senior Advisors

In order to facilitate TRG SA's rendering of services in terms of the investment services agreement and to support the Board, TRG SA has provided Senior Advisors to fulfil the roles of Ethos Capital's CEO and CFO.

The Senior Advisors support the Board in managing Ethos Capital's business, in particular the following aspects thereof:

- Investment analysis and proposing investment decisions, including Primary Investments, Secondary Investments, Direct Investments and Temporary Investments, to the Investment Committee;
- Active involvement in the Portfolio Companies of Direct Investments, including through representation on the boards of the Portfolio Companies;
- Shareholder engagement, including investor roadshows; and
- Reporting to shareholders, including quarterly NAV reporting and shareholder feedback.

The Senior Advisors who supported the Board during the financial year were Peter Hayward-Butt (CEO) and Jean-Pierre van Onselen (CFO).

Company Secretary

Ocorian Corporate Services (Mauritius) Limited ("Ocorian") was appointed as Company Secretary on 1 January 2022 (prior to that, Ocorian (Mauritius) Limited acted as Company Secretary since 26 May 2016). Ocorian is a management company and has suitably qualified, competent and experienced staff to discharge its role as Company Secretary and is appropriately empowered to fulfil duties with regard to assistance to the Board, in particular, in relation to applicable Mauritian law and regulation.

The Board has considered the individuals at Ocorian who perform the company secretarial functions, as well as the Directors and shareholders of Ocorian, and is satisfied that there is an arm's length relationship between the Company Secretary and the Board, who can remove the Company Secretary from office. The Board considers Ocorian to be independent of the Board and the Company. Ocorian is licensed by the Financial Services Commission of Mauritius to provide a comprehensive range of financial services to international businesses.

For the year under review, the Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary for the current and next financial year.

The Company Secretary of Ethos Capital is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers. The Company Secretary is also required to ensure the Directors are aware of all laws and regulations relevant to or affecting Ethos Capital and to report to any meetings of the shareholders of Ethos Capital or the Directors, any failure on the part of Ethos Capital or a Director to comply with the Constitution or rules of Ethos Capital or the Mauritius Companies Act.

The Company Secretary acts as an advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations and King IV. The Company Secretary is also responsible for the induction of new Directors, the tabling of information on relevant regulatory and legislative changes, and support to the Directors regarding their duties and responsibilities. The Directors have unlimited access to the advice and services of the Company Secretary.

The Company Secretary provides guidance to the Board regarding Directors' duties and good governance, and ensures that Board and Board Committee charters are kept up to date. The Company Secretary prepares and circulates Board papers and assists with response handling, input and feedback for Board and Board Committee meetings. Assistance is also provided with the preparation and finalisation of Board and Board Committee agendas based on annual workplan requirements. The Company Secretary assists with the annual review of the performance of the Board, Board Committees and individual Directors.

Directors' emoluments

The emoluments paid to the Directors during the year are disclosed in note 16 of the Notes to the Annual Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible and accountable for the implementation of an effective policy and framework for the identification, recognition and management of risk. In addition, it is responsible for the monitoring and oversight of the appropriateness of financial and business processes, systems and controls, and financial reporting. The Board is supported by the Audit and Risk Committee in the fulfilment of these responsibilities.

A detailed risk framework and register has been developed and implemented to identify, assess, monitor and manage Ethos Capital's risk. The Board and the Audit and Risk Committee regularly review the above and are of the opinion that the internal controls and risk policies in place during the year were sufficiently effective to manage the risks of the Company.

As an investment holding company, Ethos Capital largely relies upon certain services provided by the Investment Advisor and has only one employee, providing administrative and finance support in Mauritius. The Company is therefore largely dependent upon the risk management structures and practices, and the internal control systems of the Investment Advisor. The security of the Company's assets and integrity of its accounting records as well as its compliance with regulatory and legal requirements depend on the effective operation of these systems. The Audit and Risk Committee monitors and discusses the effectiveness of these processes with representatives of the Investment Advisor and has access to internal control reports.

Likewise, the effective management of the Company's investment risk is largely dependent on the Investment Advisor's related structures, practices and systems.

In addition, the governance of IT is largely dependent on the IT-related controls of the Investment Advisor. These controls are reviewed and discussed with the appropriate management levels, largely focusing on business continuity and cyber-risks, and the Board is satisfied that the Company's controls and monitoring of IT governance are appropriate.

The Board and the Audit and Risk Committee are satisfied that, given the nature and size of the Company's operations and the extent of and reliance placed on the service providers, the Company does not currently need an internal audit function. This decision will be reviewed on an annual basis.

The Board and the Audit and Risk Committee are satisfied that they have fulfilled their responsibilities in respect of risk management and internal controls during the year.

The key risks currently facing the Company are set out below.

Risk	Definition of risk	Mitigating controls and process
Financial risks	Risks that could result in changes to the NAV or the Company's performance and/or result in financial loss to the Company, consist of: capital risk, valuation risk, market risk, credit risk and liquidity risk.	• These are fully detailed in note 23 of the Notes to the Annual Financial Statements.
Macro-economic risks and political uncertainty	Risks arising from a deteriorating global economy, the political turmoil, social unrests facing South Africa, increased energy and food prices, and rising interest rates to curb higher inflation further can adversely impact economic activity, the Portfolio Companies' growth and sentiment towards equity markets.	• The Ethos Funds have a mandate to invest up to 25% outside South Africa into the rest of SSA and the portfolio is diversified into different market sectors. • The Board and Investment Committee, alongside Ethos, regularly monitors the exposure and performance of the Funds and Company. • Current exposure, including Co-Investments, to rest of SSA (21%) and International (18%). • Ethos assisted Portfolio Companies with response plans to stabilise operations and mitigate risk against current economic challenges.

Risk	Definition of risk	Mitigating controls and process
Liquidity and over-commitment risks	The risk the Company is unable to meet its short-term obligations by its inability to convert financial assets into cash and cash equivalents, or a lack thereof. The risk that the Company has an aggressive over-commitment strategy resulting in the inability to meet the commitments when due.	• The Board has a Liquidity and Commitment Management policy. • Forecast cash flow and liquidity actively monitored and stress-tested by the Board and Investment Committee, with input from TRG SA. • R700 million revolving facility secured. • Realising liquid underlying listed shares and secondary processes available if required. • Board and Investment Committee proactively exploring options to strengthen their liquidity position.
Share price performance and discount	Risk that underperformance of the Company and poor investor sentiment towards the equity markets in general or the Company could result in the widening of the share price discount to NAVPS.	• The Board monitors the share price and discount on a frequent basis. • Upon requests, regular meetings and/or discussions are held with investment managers and shareholders, and presentations are hosted to ensure they have access to relevant data and are informed about the Company's strategy and the underlying investments' performance.
Regulatory and reporting risks	Compliance with legal and taxation legislation of the jurisdictions where the Company operates, adherence to financial reporting, the Listings Requirements, and the exercise of good governance are all factors critical to the sustainability of the Company.	• Constant monitoring by the Board, with assistance from the sponsor, Mauritian Directors, legal advisors, auditors, and Company Secretary. • All Board meetings are held and decisions made in Mauritius as per requirements. • Place of effective management review performed.
Valuation risks	The risk that the Company's quarterly valuations (derived from the underlying Ethos Funds' NAV, which is individually derived from the Portfolio Companies' valuations) are not representative of current fair value and/or are significantly different to the proceeds that investments subsequently achieve on exits. Risks that valuations are over-conservative.	• TRG SA has a robust quarterly valuation process. • Valuations are prepared under the IPEV guidelines and are considered twice a year by the Funds' advisory committees. • Auditors review the reasonability, accuracy and methodology of the Funds' valuations twice a year. • The Board has access to detailed quarterly General Partner reports that sets out valuations and factors that impact them.

Risk	Definition of risk	Mitigating controls and process
Investment risks	Risks related to poor processes, discipline or information when making investment decisions by TRG SA or the Ethos Capital Board, or not adhering to either's investment strategy. The risk from a lack of investment opportunities, and concentration risks.	• TRG SA and Ethos Capital have experienced Investment Committee members that enforce rigorous assessment, review and due diligence within their investment processes, when considering investment decisions. • TRG SA has a large investment team across its Funds that actively pursues and explores investments. • With focused origination efforts, the investment team maintains a strong and active pipeline. • The portfolio is diversified across Fund-type offerings, geographies and sectors. • Concentration risks within the portfolio are considered by the Board and Investment Committee.
Business continuity, cyber-security and other IT risks	The risk that interruption in the operations of service providers and/or the Company can result in financial loss to the Company. The risk of failure of IT systems, network security and back-up procedures resulting in an irretrievable loss of information or an unacceptably long period during which operations and communications are impaired. The risk that unauthorised access to systems can lead to data breaches that could interrupt the Company's business operations and reputation.	• Since most of the operations are performed by TRG SA, a high level of reliance on TRG SA's systems and processes exist. • TRG SA is a regulated entity and has strong controls in place in relation to: investment decisions, portfolio reviews, financial performance, payments and receipts, safeguarding of investor assets, compliance, and regulation. • Formal annual declarations from TRG SA received in respect to adhering to its controls, compliance and security over systems. • Deloitte & Touche performs an annual Fund controls review that the Board considers, alongside the annual Fund statutory audits, including investment valuations. • TRG SA has a dedicated IT team that manages and monitors access to systems through regular penetration testing and reviews and implements other required safeguards.
ESG reporting	The risk that inadequate reporting on or non-compliance of ESG matters could cause reputational damage to Ethos Capital in the public markets.	• TRG has a dedicated ESG team that assesses, monitor and report on all TRG and Portfolio Companies' ESG related matters.

REMUNERATION REPORT

Background

The Board is ultimately responsible for fair and responsible remuneration of the non-executive Directors and employees and ensuring adequate disclosure and reporting of remuneration matters. The Board is supported by the Remuneration Committee in the fulfilment of these responsibilities.

As an investment holding company, Ethos Capital has no executive employees and has no executive management remuneration, as the Senior Advisors are contracted and paid by the Investment Manager. In accordance with the Listings Requirements, the remuneration policy and implementation report will be submitted to shareholders at the AGM for a non-binding advisory vote.

The Board and the Remuneration Committee are satisfied that they have fulfilled their responsibilities in respect of remuneration during the year.

Remuneration policy

Responsibility

The Remuneration Committee is responsible for the remuneration policy.

The Company's Constitution provides that, notwithstanding anything to the contrary contained in the Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged, entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution.

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

General principles

Employees

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

Directors

The Directors are all independent of the Company and act as non-executive Directors.

The aim of the remuneration policy is to support the Company and Board to attract, recruit and retain high- performing and best-in-class Directors with a long and proven track record within the private equity industry; and offer diverse levels of skill, background and outlook to strengthen the Board.

The terms of a Director's appointment are detailed and recorded in standard contracts of employment.

The remuneration policy is aligned with Ethos Capital's business objectives and strategy, as well as its Code of Ethics and Conduct Policy.

Directors' remuneration should be reflective of their individual responsibilities and time commitment required.

The remuneration should be fair and responsible in the context of the industry, jurisdiction and market that the Company operates in, and should at all times adhere to any legal or regulatory requirements.

Remuneration mix

Ethos Capital has only one component of remuneration for Directors, namely fixed remuneration.

The Directors are paid a fixed annual fee, effective from 1 July of any year until 30 June of the following year, payable quarterly.

Per the Mauritius legislation, a 15% withholding tax is levied on gross fees payable, resulting in a net payment made to the individual Directors.

Any annual increased fees approved will be backdated to 1 July and any shortfall on the amounts paid to that date will be paid to the Directors.

Since July 2019, fees are paid in the currency denominations of the jurisdictions where the Directors reside in recognition of the volatility of the South African Rand to other relevant currency denominations.

The Company does not pay short-term incentives, in line with its long-term business strategy.

No Director is entitled to any pension scheme or other similar benefits that would typically be associated with permanent employment.

Directors are entitled to be reimbursed for expenses reasonably incurred in connection with the performance of their duties and attending Board, general and other related meetings of the Company.

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

Fixed remuneration review

The fixed fees are reviewed annually by the Remuneration Committee.

The Remuneration Committee appointed the CFO of the Investment Advisor to act as Independent Advisor to the Remuneration Committee.

On an annual basis, the Independent Advisor is responsible for sourcing independent and relevant benchmark information on non-executive Directors' remuneration of other companies that are relevant in respect of:

- the nature and size of the Company's operations;
- the Company's activities and the jurisdictions that it operates in;
- the investment mandate of the Company;
- number of and type of Committees; and
- number of Board and Committee meetings.

In addition and as a secondary benchmark, fees and relevant information will be sourced from the Company's peer group, if available and relevant.

Each individual Director's involvement, roles and responsibilities, and/or change in responsibilities and time commitments, will be considered to make individual assessments of the comparable levels of the benchmark information most relevant to each.

Where limited data is available, or information is not directly comparable, reasonable and fair assumptions will be made in respect of the time and commitment required in fulfilling specific or standalone roles, the level of skills required and where specific private equity skills are required.

An additional premium/fee is also allocated to Chairpersons of the Committees, in recognition of the added responsibility.

The Independent Advisor will consider all factors and information available including fluctuations, relative to the South African Rand in the respective currency denominations that are relevant to where the Directors render their services and where they reside, to determine a recommended fee per Director. He will submit his recommendations to the Committee, and typically will be invited to present his findings and outcomes at a meeting of the Committee.

Approval

The Committee recommends the proposed annual fee per Director to the Board.

The proposed fees will be reviewed by the Board and, if in agreement, the fees are submitted for shareholder approval at the Company's AGM.

This remuneration policy and an implementation report are to be tabled annually at the AGM for separate non-binding advisory votes by the shareholders.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, the Remuneration Committee will engage with the dissenting shareholders to address their respective objections, by:

- issuing invitations to dissenting shareholders to submit written submissions of their objections to the policy and/or the report;
- considering and addressing any objections; and
- reporting back to dissenting shareholders.

The Remuneration Committee may also arrange meetings with dissenting shareholders to discuss and clarify their objections.

Implementation report

The annual remuneration paid to the non-executive Directors, representing the fees paid in respect of the fulfilment of their roles as non-executive Directors, for the financial years ended 30 June 2023 and 2022 respectively, is noted below:

	30 June 2023		30 June 2022
	Currency '000	R'000	R'000
Fees for services:			
Derek Prout-Jones	ZAR1,640	1,640	1,640
Kevin Allagapen	US$25	443	383
Michael Pfaff	ZAR1,290	1,290	1,290
Yuvraj Juwaheer	US$25	443	383
Yvonne Stillhart	CFH45	840	738
		4,656	4,434

The 2023 fees were approved by the shareholders at the Company's AGM held in November 2022, and the base currencies were unchanged compared to the 2022 fees, as it has been since 2020.

SUSTAINABILITY AND SOCIAL AND ETHICS REPORT

The Company is an investment holding company governed and directed by a non-executive Board and has an investment services agreement with the Investment Advisor that sets out the day-to-day responsibilities of the latter, supporting the Board. The Investment Advisor has seconded certain advisors to fulfil the roles of CEO and CFO. The Company has no executive employees and has a limited direct impact on the environment.

Ethos Capital's responsible investment and ESG approach

The Company may drive sustainability and its social and ethical footprint indirectly through the activities of its Portfolio Companies. The selection of an Investment Advisor who has the ability to include, as contractually agreed to, adherence to certain ethical principles and culture, as well as analysing responsible investing ("RI") and sustainability as part of the investment process, is a critical decision of the Board.

The Ethos Capital Board is supportive of RI and sustainability and has taken note of the Sustainability Disclosure Guidance and Climate Disclosure Guidance documents that were issued by the JSE in June 2022 and, while not fully included in this report, aims to implement, where relevant and subject to available information, such disclosures in its future Integrated Annual Reports. In addition, as noted in the Governance report on page 47, Ethos Capital as an investment holding entity does not have and will not conduct traditional operations. Therefore, not all the traditional corporate governance structures and practices envisaged by King IV, the JSE ESG Disclosure guidance or other ESG-related industry bodies' disclosure are appropriate to Ethos Capital and its business as a – foreign - investment entity. As noted, the Company has no executive employees or directors that are remunerated but only five non-executive Directors (only one Mauritius-based finance and administrative support employee), and hence certain specific categories under standard ESG disclosures, for example, "Labour" will not be applicable to the Company, as will "Health and Safety" aspects in relation to employees.

Since its listing in 2016, the Company has had no litigation or claims against it or its Board of Directors.

Other relevant categories are covered throughout the Integrated Annual Report and Annual Financial Statements.

Ethos Capital's financial contributions to Education

During the current financial year, Ethos Capital contributed R102,000 to the following Mauritian-based organisations that are involved with the promotion of access to education and training in support of the "Right to Education" under the UN Sustainable Development Goal ("SDG") 4:

Adolescent Non-Formal Education Network ("ANFEN")

Founded in 2000, ANFEN has a special focus on adolescents with learning difficulties and psychosocial issues. By adapting teaching methodologies to improve learning outcomes and quality of education and training, learners are equipped with knowledge, skills and personal wellbeing to enable integration and contributions to their sustainable development.

One of the initiatives that benefited from Ethos Capital's contribution is the Ecole Culinaire Aline Leal ("ECAL") project that provides training opportunities to 21 students in the field of food production and pastry. It specifically focuses to bridge the gap and provide support to students who may have faced challenges in being integrated in traditional schooling due to factors such as poverty or family issues.

Association d'Alphabetisation de Fatima ("Fatima")

Fatima is a non-government institution offering holistic education to 120 youths, between the ages of 12 and 18, that are "drop-outs" from the mainstream education system. Their objective is to identify talent, develop it through academic and practical skills teaching, and support the candidates with work placements in the community.

TRG's active RI and ESG model and philosophy

From pre-acquisition due diligence to Portfolio Company exit, ESG parameters are assessed throughout TRG's investment process which includes TRG SA's own RI Policy and its ESG Management System ("ESGMS"). The diagram on page 61 of this report summarises the ESGMS process that is implemented across the investment lifecycle for TRG SA Portfolio Companies. TRG SA continues to use the IFC Performance Standards as its risk reporting and mitigation framework but is also increasingly looking to measure and quantify its impact on society through linking to the UN SDGs. Mindful of the need to track robust and defensible impact data, TRG SA is working with the Portfolio Companies to understand their contributions to the key identified UN SDGs for Ethos, namely, SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities and SDG 16: Peace, Justice and Strong Institutions. Based on the TRG SA Funds that Ethos Capital are invested in, TRG SA can demonstrate the following commitments to the SDGs.

5 GENDER EQUALITY	**Target 5.5:** ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	**19,007 (41%)** women in total portfolio workforce and **30%** female representation in senior leadership across the portfolio
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.5:** by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities and equal pay for work of equal value.	**45,962** direct jobs by 20 Portfolio Companies in 2022.
10 REDUCED INEQUALITIES	**Target 10.2:** Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	**85%** of the Portfolio Companies have a Diversity, Equity and Inclusion policy.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Target 16.5:** substantially reduce corruption and bribery in all their forms.	**95%** of the Portfolio Companies have an anti corruption policy.

While TRG's primary objective is to maximise stakeholder value by generating positive returns, TRG SA recognises the importance of environmental, social and governance matters, and their contribution to the value of businesses today especially in the broader South African and SSA community. Recognising the need to outwardly demonstrate TRG's commitment to RI, the TRG Group became a signatory to the UN Principles for Responsible Investment ("UN PRI") in 2018, while TRG SA became a signatory in 2022.

TRG SA monitors, reviews and analyses the ESG performance of its Portfolio Companies in Africa who complete its annual ESG questionnaire. In addition to the annual ESG questionnaire, TRG SA seeks to maintain ongoing communication and training for Portfolio Companies and attendance of Social and Ethics Committee ("SEC") meetings. Data collected from the annual questionnaire is used for reporting purposes for TRG SA investors and used to inform internal benchmarking exercises across the portfolio. This information can also be used in sustainability reports. Given the TRG Group's acquisition of Ethos in 2023, the decision was made not to publish a sustainability report during the 2023 calendar year and instead focus on integrating and onboarding the ESG and impact process across the group. The most recent Sustainability Report was therefore published in 2021, that related to the 2020 activities.

ESG matters present some challenges but at the same time opportunities for Portfolio Companies. In acknowledgement of this, TRG SA has a dedicated ESG and impact team who may support the investment teams in reviewing, assessing and reporting on certain ESG matters.

[1] *Ethos Capital is invested in the main TRG SA Funds, being EF VI, TRG AF VII, TRG AAiF I, EMMF I and TRG MP3. It also participated in co-investments alongside the main TRG SA Funds.*

TRG SA's RI and ESG framework

Pre-investment activities

1 Drive sector awareness

The ESG team highlights the risk parameters as per the IFC Performance Standards associated with specific sectors and provides guidance on sectors of interest, RI Policy and the Fund's exclusion lists.

IFC E&S Categorisation undertaken and key ESG risks and opportunities identified, including against the UN SDGs.

Prepare material for Thesis Deal Forum and screen for Business Integrity.

2 Execute ESG due diligence ("DD")

ESG DD includes identifying critical risks, developing opportunities for improvement and assessing feasibility of action plan for investment decision (supported by external service providers for Cat A and B investments) and undertaken internally for Cat C risk investments (desk top review, site visit, stakeholder meetings and ESG assessments).

Results presented at final investment committee ("IC") by ESG team and decision made at final IC. ESG team will secure and formalise commitments from the Portfolio Company ("PC") to meet applicable ESG requirements, including Environmental and Social Action Plan ("ESAP").

Standard ESG clauses to be adapted as required for each deal.

Post-investment activities

3 Drive governance and policy

Guide and assist PC to ensure completion of ESAP (where applicable) and compliance with applicable ESG requirements and legislation.

Develop relationship with PC to stay informed of ESG developments and/or risks including all bolt on activities which should be screened by the ESG team prior to preliminary IC.

Social and Ethics Committee ("SEC") appointed within PC to drive adoption of an ESG policy, reporting and the realisation of ESAP developed during DD process. Ongoing collaboration, training, site visits and communication with PC on ESG matters, including notification of serious material ESG incidents.

Ethos ESG team undertakes annual ESG reporting to limited partners ("LPs").

4 Communicate and verify ESG path

At exit, the objective is to link evidence improved ESG performance to PC value with ESG team driving the closure of outstanding ESG actions. Engaging with like-minded buyers on ESG and preparing ESG reference materials.
A key action is to ensure that the PC's ESGMS is self-sustaining.
All PCs to complete Ethos exit ESG questionnaire for final data purposes.

ESG inputs

Investment process

Deal sourcing, screening and categorisation → **DD and investing** → **Ownership and management: monitoring and reporting** → **Exit**

Sustainability at TRG SA Portfolio Companies

TRG SA tries to work with its Portfolio Companies to find potential ways to improve sustainability through their business activities. As an active owner, TRG SA's ESG-impact team tries to attend each Portfolio Company's SEC meetings. We believe doing so can help TRG SA understand the main ESG issues and opportunities that a Portfolio Company deals with as well as sharing examples of best practice among the entire portfolio.

Whilst a 2023 Sustainability Report (typically based on activities to December 2022) has not been prepared, Ethos Capital has selected two case studies from its investments in EF VI and TRG AF VII from the 2021 Sustainability Report.

Addressing health care challenges in SSA and contributing to SDG 3 Good Health and Wellbeing

VERTICE

What is the challenge in Healthcare in SSA?

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

Investment into the Healthcare sector addresses:

SDG 3: Good Health & Wellbeing

Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

3 GOOD HEALTH AND WELL-BEING

33%

33% of total healthcare expenditure in SSA relates to out-of-pocket expenditure by households...

...this compares to 14% in high income countries

1.0

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

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

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

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

54%

this compares to…

18% in middle income countries and

7% in high income countries

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

30% →	**36%**
2010	**2019**

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

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

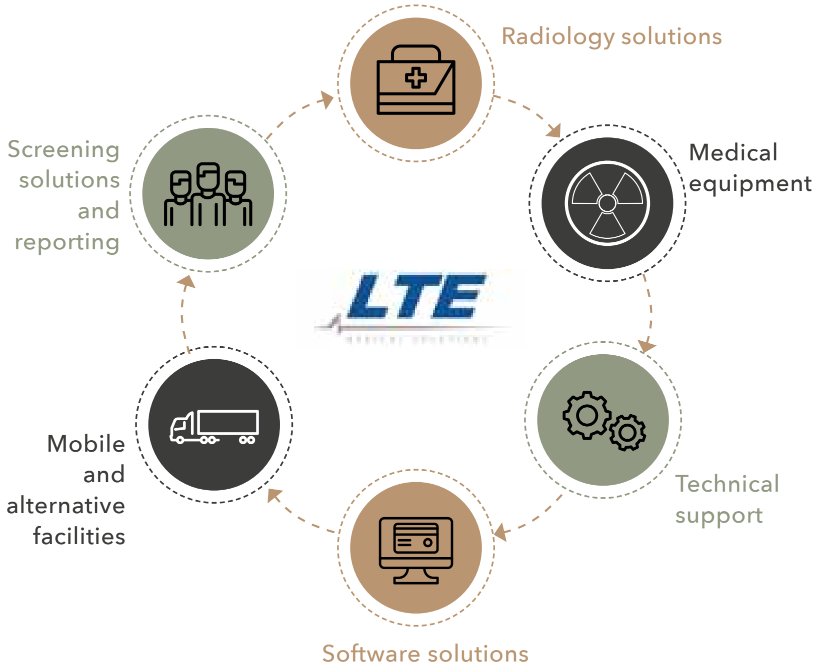
healthcare solutions.

LTE, as a subsidiary of Vertice, provides mobile and alternative health care facilities that reach the underserved communities in remote areas providing much needed services that otherwise would not be accessible

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

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

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



LTE's products and services include:

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

Customers and projects completed

unicef
ICAP
IntraHealth
THE WORLD BANK
SAMSUNG
Right to care
NEPAD
WITS HEALTH CONSORTIUM
CDC
The Global Fund

Impact Delivered

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

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

964 daily patient's lives impacted by specialist services.

Combining distribution capabilities of supplying innovative medical devices with software development expertise to offer healthcare professionals and their patients integrated medical solutions that lower costs, lead to better outcomes for patients, and enhance clinical workflows and interventional efficiencies for healthcare providers with the view of expanding access to care.

Provided >100 mobile and semi mobile clinics across Africa through more than 50 turn key projects across the African continent.

Supplied equipment and services to over 22 African countries.

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

Mobile Panel Van Laboratory for COVID testing

Qode: Enabling in field solutions

Qode Health Solutions owns and co-owns proprietary software which is used for in field diagnosis to manage specific disease profiles and is currently focused on HIV (South Africa, Zambia and Malawi), COVID-19 (South Africa and Botswana), Mental Health (Namibia) and TB (South Africa). Qode software, in association with LTE's mobile solution reach, is easily scalable for other diseases for current clients and future NGOs.

The largest client is the United States Government via The United States Agency for International Development and Centre for Disease Control.

Samsung / South Africa Ministry of Health

Fast erectable primary healthcare clinic with school; solar powered

IntraHealth/Tanzania voluntary medical male circumcision clinic

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

OPTASIA

Optasia's mission

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

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

MARKET CONTEXT

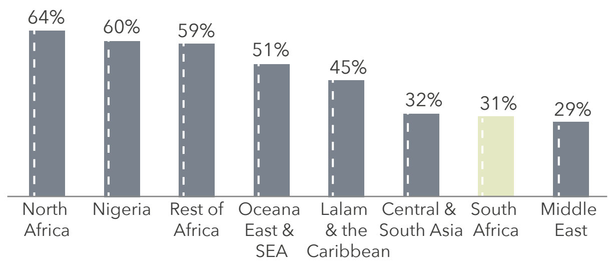
A known barrier to financial inclusion is the credit scoring approach utilised by traditional prudential lending rules, which are unable to assess the credit worthiness of individuals who lack financial identity and financial history. Traditional "bricks and mortar" banking infrastructure struggles to develop business models that serve low-income customers, who often have no or low levels of literacy and live in rural areas. This ultimately results in financial exclusion…however, c.1.1 billion unbanked adults have a mobile phone.

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

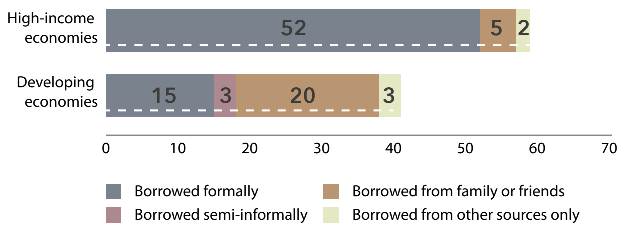
In SSA, **57% of adults do not have an account** at a bank or with a mobile money services provider (vs. 66% in 2014)

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

Underbanked population (%)



Adults borrowing money in the last year- %



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

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

Impact Delivered

FINANCIAL INCLUSION through accessible and affordable financial services

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

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

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

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

Investment into Optasia addresses:

SDG 9: Industry, Innovation and Infrastructure

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

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Optasia uses a unique credit decisioning platform that deploys artificial intelligence technologies to provide mobile financial and airtime credit services to consumers via MNOs and Financial Institutions at very low default rates.

25.2% of customers are first time borrowers

74.8% of borrowers are returning customers

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

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and for the preparation, integrity and objectivity of the Group's Annual Financial Statements and the other information contained in this Integrated Annual Report.

The Directors are also responsible for the Company's systems of internal financial controls and accounting and information systems to provide reasonable, but not absolute, assurance regarding the safeguarding of assets and to reduce the risk of error, fraud or loss.

The Audit and Risk Committee meets with the external auditor to consider internal controls, the audit process and financial reporting. The external auditor has unrestricted access to all records, related information, Senior Advisors and the Audit and Risk Committee.

The Annual Financial Statements have been prepared in accordance with: International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act, Act No. 15 of 2001 ("the Mauritius Companies Act"), insofar as they are applicable to Global Business Licensed companies.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due; therefore, the Annual Financial Statements have been prepared on the going concern basis.

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer ("CFO"), Jean-Pierre van Onselen, CA(SA). The Directors are satisfied that the information included in the Annual Financial Statements fairly presents the Group and Company's results and financial position at the year-end.

The Annual Financial Statements were audited by the independent auditor, Deloitte & Touche. The independent auditor's unmodified report is presented on page 77.

Approval of the Annual Financial Statements

The Directors' Report on pages 73 to 76 and the Annual Financial Statements and the notes to the Annual Financial Statements set out on pages 81 to 123, were approved by the Board and are signed on its behalf by:

Yvonne Stillhart
Chairperson of the Board

Kevin Allagapen
Independent non-executive Director

26 September 2023

REPORT FROM THE COMPANY SECRETARY

In accordance with section 166(d) of the Mauritius Companies Act, the Company Secretary certifies, to the best of its knowledge and belief, that the Company has lodged with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act for the year ended 30 June 2023.

For Ocorian Corporate Services (Mauritius) Limited
Company Secretary

26 September 2023

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (“ARC”) submits below its report for the financial year ended 30 June 2023.

Responsibilities of the ARC

The responsibilities of the ARC are detailed on page 50 of the Corporate Governance Report. In discharging its responsibilities, the ARC, among other functions:

- examined and reviewed the Annual Financial Statements and other financial announcements to ensure balanced and fair presentation consistent with the application of appropriate accounting policies and standards;
- reviewed and considered the appropriateness of the going concern basis in preparing the Annual Financial Statements; and
- considered material risks and internal controls to the financial reporting and fraud.

Internal control and financial reporting

The ARC is responsible for assessing the systems of internal controls relating to financial and business processes and financial and reporting systems of the Company. The Investment Advisor provides certain administrative and back-office services to Ethos Capital; hence the Company is largely reliant on its systems and controls. The ARC had discussions with representatives of the Investment Advisor, reviewed their internal control processes and procedures, reviewed the management accounts and considered the controls of the controlled entity, and held discussions with the external auditor on the results of their audit of the Group. The ARC is of the opinion that the systems of internal financial and business controls and financial reporting in relation to the Company and its controlled entity are effective and form a basis for the effective preparation and reporting on the Group and Company’s financial statements.

Risk management

The ARC assists the Board to ensure a co-ordinated approach is applied to provide assurance on the recognition and management of significant risks facing the Company. The ARC is responsible for the development and periodic review and updating of a policy and framework for risk management and integration of the framework into the day-to-day activities of the Company and the activities provided by the Investment Advisor. The ARC believes the Company’s systems and risk management processes are sufficiently effective to manage the risks of the Company. The Committee considered the key audit matters that are noted in the report of the external auditor on pages 77 to 80 of the Annual Financial Statements.

Internal audit

The ARC considered the need for an internal audit function and concluded that, given the nature of the Company’s business and operations and the services provided by the Investment Advisor, an internal audit function is currently not required. This will be considered again in the next financial year.

Membership and meetings

The members of the ARC who served during the year are all independent non-executive Directors and are noted on page 51 of the Corporate Governance Report. The ARC met three times during the year. The CEO, CFO and representatives of the external auditors attended some of the ARC meetings by invitation.

Expertise and experience of the CFO

The ARC has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Jean-Pierre van Onselen CA(SA), as well as the adequacy of the resources of TRG SA that are involved with the finance function to the extent that it relates to Ethos Capital.

External auditor and its report

The ARC considered and approved the audit fees and engagement of the external auditor, reviewed the external audit plan and subsequent report on the Annual Financial Statements, and considered for approval any non-audit services. There were no non-audit services during the financial year. The ARC received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte & Touche and the designated individual partner, Justin Dziruni. In addition, the ARC discussed the matter of their independence with the external auditors and satisfied itself regarding the independence of Deloitte & Touche South Africa and Deloitte Mauritius, respectively.

Up to the financial year-ended 30 June 2023, Deloitte & Touche has served as the external auditor of the Company for the past seven financial years since listing. IRBA previously issued a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation every 10 years, with effect from 1 April 2023. This rule has now been by declared unlawful by the Supreme Court of Appeal. Despite this change, the ARC has reviewed the tenure of Deloitte & Touche and was satisfied that there was not current need to rotate the external auditor.

Recommendation to the Board

The ARC has reviewed and considered the Integrated Annual Report and the Annual Financial Statements and has recommended it for approval by the Board.

The ARC and the Board are satisfied that they have fulfilled their responsibilities as outlined in the Committee charter, during the year.

Kevin Allagapen

Chairperson of the Audit and Risk Committee

26 September 2023

CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, AND DIRECTORS' RESPONSIBILITY STATEMENT

Each of the Senior Advisors, fulfilling the roles of the CEO and CFO respectively, and the Directors that serve on the ARC, whose names are stated below, hereby confirms that:

- the Annual Financial Statements set out on pages 81 to 123, fairly present in all material respects the financial position, financial performance and cash flows of EPE Capital Partners Ltd in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated controlled entity has been provided to effectively prepare the Annual Financial Statements of EPE Capital Partners Ltd;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as Senior Advisors or Directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the ARC and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving Directors.

Peter Hayward-Butt
Chief Executive Officer

Jean-Pierre van Onselen
Chief Financial Officer

Kevin Allagapen
Chairperson of ARC and Director

Yuvraj Juwaheer
Member of ARC and Director

Derek Prout-Jones
Member of ARC and Director

26 September 2023

DIRECTORS' REPORT

The Board has pleasure in presenting its report to shareholders, together with the audited Annual Financial Statements for the year ended 30 June 2023.

Nature of business

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is registered and incorporated in Mauritius as a public company under the Mauritius Companies Act. As an investment holding company, it offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies") through participating in Funds or Co-Investments. These investments were managed by Ethos Private Equity (Pty) Limited ("Ethos") since July 2016.

On 1 April 2023, Ethos completed its merger with The Rohatyn Group ("TRG Group"), a specialised global asset management firm focused on investment solutions in emerging markets and real assets that is headquartered in New York. Rohatyn Management South Africa Proprietary Limited ("TRG SA") will assume responsibility as the sole Investment Advisor to Ethos Capital once it is licensed as a financial services provider, but in the interim, will act together with Ethos (as its juristic representative) through a combination of different arrangements. All key members of the previous Ethos investment team transferred their employment to TRG SA.

Performance overview

The past year has had its fair share of global and local economic headwinds; from the Ukrainian crisis and its impact on global inflation and consumer sentiment, higher global interest rates, slowing economic growth and the impact of loadshedding. The South African economy remains constrained by the lack of urgency by government in instituting transformational economic policies, consumers that are increasingly under pressure and decade-low levels of producer confidence. Global M&A and new listings have fallen to multi-year lows as the impact of rising interest rates and volatile valuations have hampered the ability of firms to exit assets.

Fortunately, the Ethos Capital portfolio is diversified across 22 Portfolio Companies which has helped weather the storm to a certain extent. The unlisted portfolio has performed well given the headwinds achieving growth of 14.4% over the last year, largely driven by Optasia, following a partial sale and ongoing growth, with other strong positive contributions delivered by Synerlytic, TymeBank and Gammatek.

Brait has had a transformational year with the listing of Premier and the full repayment of the company's R3.0 billion revolving credit facility. This leaves the company in a far healthier financial position to drive the final value unlock of the portfolio. However, this has not reflected in the Brait share price which fell 20% over the past year. Overall, the listed assets, Brait, Brait exchangeable bonds (down by 15%) and MTN Zakhele Futhi (down by 18%) depreciated in value by 19%, driven by these price decreases.

The net result is a relatively flat NAV performance over the financial year.

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.

Financial overview

A review of the operational and financial results of Ethos Capital is included in the Chairperson's Report and CEO's Review on pages 7 to 13 of the Integrated Annual Report.

The Group, representing the Company and Black Hawk Private Equity Proprietary Limited ("Black Hawk"), which is a controlled entity of the Company, had a net asset value ("NAV") of R2.172 billion at 30 June 2023 (2022: R2.187 billion), representing a NAV per share ("NAVPS") of R8.56 (2022: R8.49). Total assets of the Group amounted to R2.708 billion at 30 June 2023 (2022: R2.668 billion).

Including the investment in Brait at its diluted NAVPS, the Group's NAV at 30 June 2023 was R2.644 billion (2022: R2.745 billion) and the Group's NAVPS was R10.42 (2022: R10.66).

In accordance with IFRS 10, Black Hawk is assessed to be under control of the Company and that it should be treated as a controlled entity of the Company and thereby Group (consolidated) Annual Financial Statements were prepared.

The Company ended its financial year with a NAV of R2.358 billion (2023: R2.355 billion), which equates to a NAVPS of R8.82 (2022: R8.69). The Group and Company achieved a comprehensive profit over the financial year of R5.191 million (2022: R470.538 million) and R23.421 million (2022: R482.832 million) respectively.

Trading statements

Due to the nature of the business conducted by the Company, the Board has decided to adopt the NAVPS as the relevant measure for trading statement and short-form announcement purposes.

The sustainability of the NAVPS and growth thereon over a longer period of time is considered a more appropriate measurement of financial performance, in comparison to headline earnings per share and earnings per share. This approach has been approved by the JSE.

Dividends

No dividend has been declared for the financial year ended 30 June 2023 (2022: Rnil).

Share capital

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

The issued share capital of the Company as at 30 June 2023 is set out in note 8 of the Notes to the Annual Financial Statements.

During the year, 3,614,901 A Ordinary Shares were repurchased for a total amount of R20,000,000; these shares are held in treasury. As at 30 June 2023, the Company had 267,385,099 attributable A Ordinary Shares in issue (net of 12,614,901 treasury shares and 7,500,000 encumbered shares) and 10,000 unlisted B Ordinary Shares in issue. On a consolidated basis, the Group had 253,885,099 attributable A Ordinary Shares in issue, net of 26,114,901 treasury shares (including 13,500,000 A Ordinary Shares held by Black Hawk) and 7,500,000 encumbered shares.

Share price and discount to NAV

Ethos Capital's shares trade on the JSE at prices that are independent of the Company's NAV; hence, the share price will not necessarily track the NAV performance. In theory, the share price reflects the market and shareholders' sentiment towards the NAV, future changes in it and performance expectations. During the year, the Company's shares traded at a discount to NAV. The closing share price at 30 June 2023 was R4.79 (2022: R5.75).

The Board is committed to a policy of enhancing long-term shareholder value and will continue to monitor the Company's share price performance and the discount to NAV and consider further share repurchases subject to liquidity levels. The intention is for any shares acquired by the Company to be held in treasury to enable the Company to reissue these shares should the Board elect to do so. A resolution to that effect will be put to the shareholders for approval at the Annual General Meeting ("AGM").

Repurchase of shares and authority

The cumulative total of A Ordinary Shares purchased to date and held in treasury at 30 June 2023, is 12,614,901 (2022: 9,000,000), representing 4.4% of the issued A Ordinary Shares of the Company.

The Company has a general authority to repurchase up to 5% of its A Ordinary Shares, in compliance with the applicable provisions of the JSE Listings Requirements and the Mauritius Companies Act. This authority will expire at the AGM in November 2023. At this AGM, shareholders will be requested to approve a new general authority to repurchase up to a further 13,744,255 A Ordinary Shares, until the conclusion of the next AGM. This represents 5% of the A Ordinary Shares in issue, net of treasury shares, at the beginning of the financial year ending 30 June 2024, which would increase the cumulative treasury shares to 9.2% of the issued A Ordinary Shares of the Company.

A resolution will also be presented for the approval of the authority for the Company to issue the current treasury shares to the market, representing 12,614,901 A Ordinary Shares (4.6% of the Company's A Ordinary Shares in issue, net of treasury shares, at the date of the Notice of the AGM).

Corporate governance

Details regarding the Company's compliance and commitment to corporate governance practices are provided in the Corporate Governance Report on page 47 and a specific register on the application of King IV is available at *https://ethoscapital.mu/investors/governance/*.

The Company is in compliance and is operating in accordance with its Constitution, the Mauritius Companies Act and all other applicable regulatory requirements.

Risk management and internal controls

The Board believes the Company's systems and risk management processes are sufficiently effective to manage Ethos Capital's risks and the systems of internal financial and business controls and financial reporting are effective and form a basis for the preparation of reliable financial statements. Further information is provided on page 54 of the Integrated Annual Report.

Board of Directors

The Board of Directors consists of five members who are all independent non-executive Directors. There were no changes to the Directors during the year. Further details are provided on pages 47 to 53 of the Corporate Governance Report section in the Integrated Annual Report.

Directors' emoluments

The Remuneration Committee is responsible for the emoluments of the non-executive Directors. Details of the emoluments are provided in note 16 of the Notes to the Annual Financial Statements and the Remuneration Report is presented on pages 57 and 58 of the Corporate Governance Report in the Integrated Annual Report.

Subsequent events

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2023.

Board evaluation

The Board reviewed the performance of the Directors during the reporting year, the Board as a whole and the Board Committees, and deemed the individual and collective performances satisfactory and is satisfied that the Board and its Committees have fulfilled their responsibilities in accordance with the respective charters.

Company Secretary

Until 31 December 2021, the Company Secretary was Ocorian (Mauritius) Limited. Following an internal reorganisation of the Ocorian Limited Group, the Company Secretary was changed effective 1 January 2022 to Ocorian Corporate Services (Mauritius) limited ("Ocorian"), a sister company of Ocorian (Mauritius) Limited.

The Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary.

Auditor

The Directors recommend the auditor, Deloitte & Touche and Mr Justin Dziruni, as the designated audit partner, who have expressed their willingness to continue in office, be reappointed at the forthcoming AGM.

Going concern statement

The Board of Directors has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and be able to meet its outstanding commitments. Accordingly, the Board adopted the going concern basis in preparing the Annual Financial Statements.

Directors' interests in the Company

The Directors' interests in the share capital of the Company at 30 June 2023 are disclosed in note 25 of the Notes to the Annual Financial Statements.

Shareholders and shareholdings

The analysis of public and non-public shareholders and significant shareholdings in the Company at 30 June 2023 are detailed in note 26 of the Notes to the Annual Financial Statements and the spread of shareholders on page 124 of the Annual Financial Statements.

Signed on behalf of the Board of Directors:

Yvonne Stillhart
Chairperson of the Board

Kevin Allagapen
Independent non-executive Director

26 September 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EPE Capital Partners Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of EPE Capital Partners Ltd ("the Group" and "the Company") set out on pages 81 to 123, which comprise the consolidated and separate statements of financial position as at 30 June 2023 and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 June 2023 and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Consolidated and Separate financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unlisted investments (Consolidated and Separate Financial Statements)	
The Group has indirect interests in a diversified pool of unlisted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds") managed by Rohatyn Management South Africa Proprietary Limited ("TRG SA"). The Group also has Co-investments in certain of the Portfolio Companies alongside the Funds. The fair value of these investments is determined using IFRS 13 – *Fair Value Measurement* and International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. These investments are disclosed in note 4 "Unlisted Investments at Fair Value" of the Notes to the consolidated and separate financial statements with a total value of R2,688 million. The directors receive year-end net asset value ("NAV") statements of the Funds from TRG SA. The NAV amounts are primarily calculated based on the individual fair values of each Fund's underlying Portfolio Companies, which are valued by TRG SA. The "Earnings Multiple" methodology employed by TRG SA and described in note 3.10 "Critical Judgements and Accounting Estimates" of the notes to the consolidated and separate financial statements, to value the underlying Portfolio Companies is subject to various judgements. In determining a reasonable valuation multiple, TRG SA develops a benchmark multiple with reference to the multiples of comparable companies. The benchmark multiple is adjusted after taking into account various factors that differ between the Portfolio Company and the comparable companies. We have identified the significant judgements applied to the maintainable earnings, the earnings multiple and adjustments to these, to be a key audit matter due to the sensitivity of the adjustments and the degree of subjectivity involved. The disclosure associated with the valuation of unlisted investment is set out in the consolidated annual financial statements in Note 4, Unlisted Investments at Fair Value, and Note 23, Financial risk factors and instruments.	In our assessment of the Group and Company's determination of the fair value of unlisted investments, we assessed the assumptions and inputs used in the respective valuations. Our audit procedures included the following: • We performed a sensitivity analysis of the valuations to changes in key inputs; • We assessed and assigned different levels of material misstatement for each portfolio investment based on the magnitude and likelihood of material misstatement. We modified the nature and extent of testing applied to appropriately respond to the risk level of each portfolio investment valuation; • We evaluated the design and implementation of key controls over the Group and Company's investment valuation process, with the specific focus on those controls mitigating the risk of fair value inaccuracies; • We obtained an understanding of the methodology used and assessed whether the Group and Company's primary valuation technique is aligned with appropriate industry guidance (International Private Equity and Venture Capital Valuation Guidelines) and the requirements of IFRS 13 *Fair Value Measurement*; • We reviewed the appropriateness and consistency of the comparable companies and the weightings applied in determining the earnings multiples applied in determining the fair value of the unlisted investments; • We critically assessed the discounts or premiums applied to the comparable companies' weighted average multiples to confirm these adjustments are fully supported, of sound business logic and fall within acceptable industry norms, by considering various risk adjustment factors such as country risk, size, and growth adjustments, marketability discounts and control premiums; • We critically assessed the adjustments made to actual reported earnings to arrive at the maintainable earnings figures used in determining the fair value of unlisted investments; • We tested a sample of data inputs used in the valuation model of the investments' valuation to ensure the accuracy, reliability and completeness of these inputs; • We tested the mathematical accuracy of the underlying valuation calculations; and • We reviewed the disclosure of the unlisted investments in the consolidated and separate financial statements to ensure the requirements of IFRS are met.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "EPE Capital Partners Ltd Integrated Annual Report for the year ended 30 June 2023" which includes the: Directors' responsibility and approval; the Report from the Company Secretary; the Report of the Audit and Risk Committee; the Chief Executive Officer, Chief Financial Officer and Directors Responsibility Statement; the Directors' report; the Spread of the Shareholders report; and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of EPE Capital Partners Ltd and the Group for the past seven years.

Deloitte & Touche
Registered Auditor
Per: Justin Dziruni
Partner
26 September 2023

5 Magwa Crescent
Waterfall City
Johannesburg 2090

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2023

		Group		Company	
	Notes	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	4	2,688,078	2,650,564	2,688,078	2,650,564
Total non-current assets		2,688,078	2,650,564	2,688,078	2,650,564
Current assets					
Other assets and receivables	5	5,394	10,876	5,392	10,874
Income tax receivable	6	3,396	3,318	3,396	3,318
Cash and cash equivalents	7	11,236	3,117	10,777	2,651
Total current assets		20,026	17,311	19,565	16,843
Total assets		2,708,104	2,667,875	2,707,643	2,667,407
Equity and liabilities					
Capital and reserves					
Issued capital	8	2,271,272	2,291,272	2,406,272	2,426,272
Accumulated losses	9	(99,153)	(104,344)	(48,141)	(71,562)
Total equity		2,172,119	2,186,928	2,358,131	2,354,710
Non-current liabilities					
Borrowings	10	526,473	460,485	340,000	292,235
Total non-current liabilities		526,473	460,485	340,000	292,235
Current liabilities					
Other liabilities and payables	11	9,512	20,462	9,512	20,462
Total current liabilities		9,512	20,462	9,512	20,462
Total equity and liabilities		2,708,104	2,667,875	2,707,643	2,667,407
Net asset value		2,172,119	2,186,928	2,358,131	2,354,710
Basic net asset value per share (Rand)	20.2.1	8.56	8.49	8.82	8.69
Diluted net asset value per share (Rand)	20.2.2	8.47	8.49	8.73	8.69

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		Group		Company	
	Notes	**Year ended 30 June 2023 R'000**	**Year ended 30 June 2022 R'000**	**Year ended 30 June 2023 R'000**	**Year ended 30 June 2022 R'000**
Income					
Changes in fair value of investments through profit or loss	12	69,833	510,923	69,833	510,923
Investment income	13	759	634	744	626
Net fair value gains	14	11	11	11	11
Total income		70,603	511,568	70,588	511,560
Expenses					
Administration fees	15.1	(23)	(43)	(23)	(43)
Legal and consultancy fees	15.2	(581)	(582)	(581)	(582)
Other operating expenses	15.3	(8,787)	(8,277)	(8,765)	(8,258)
Finance costs	15.4	(54,510)	(29,089)	(36,287)	(16,806)
Total expenses		(63,901)	(37,991)	(45,656)	(25,689)
Profit before tax		6,702	473,577	24,932	485,871
Income tax expense	17	**(1,511)**	(3,039)	(1,511)	(3,039)
Profit for the year		5,191	470,538	23,421	482,832
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		5,191	470,538	23,421	482,832

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

		Year ended 30 June 2023		
Group	**Notes**	**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
Buyback of A Ordinary Shares		(20,000)	–	(20,000)
Total comprehensive income for the year	9	–	5,191	5,191
Balance at 30 June 2023		2,271,272	(99,153)	2,172,119

		Year ended 30 June 2022		
	Notes	**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
Total comprehensive income for the year	9	–	470,538	470,538
Balance at 30 June 2022		2,291,272	(104,344)	2,186,928

		Year ended 30 June 2023		
Company	**Notes**	**Issued capital R'000**	**Accumulated losses R'000**	**Total equity R'000**
Balance at 1 July 2022		2,426,272	(71,562)	2,354,710
Buyback of A Ordinary Shares		(20,000)	–	(20,000)
Total comprehensive income for the year	9	–	23,421	23,421
Balance at 30 June 2023		2,406,272	(48,141)	2,358,131

		Year ended 30 June 2022		
	Notes	**Issued capital R'000**	**Accumulated losses R'000**	**Total equity R'000**
Balance at 1 July 2021		2,426,272	(554,394)	1,871,878
Total comprehensive income for the year	9	–	482,832	482,832
Balance at 30 June 2022		2,426,272	(71,562)	2,354,710

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Group: Year ended 30 June 2023 R'000	Group: Year ended 30 June 2022 R'000	Company: Year ended 30 June 2023 R'000	Company: Year ended 30 June 2022 R'000
Cash flows from operating activities:					
Cash used in operations	19.1	(14,220)	(572)	(14,198)	(554)
Interest income from cash and bank balances	13	759	145	744	137
Finance costs paid	15.4	(36,287)	(16,806)	(36,287)	(16,806)
Income tax paid	19.2	(1,589)	(5,454)	(1,589)	(5,454)
Net cash used in operating activities before investment activities		(51,337)	(22,687)	(51,330)	(22,677)
Cash flows from investment activities					
Net cash flow from non-current investments		31,680	(312,305)	31,680	(312,305)
Payments to acquire non-current investments		(184,407)	(314,302)	(184,407)	(314,302)
Proceeds on disposal		211,168	484	211,168	484
Interest received		34,611	14,428	34,611	14,428
Dividends received		22,178	25,081	22,178	25,081
Fee income received		–	2,933	–	2,933
Withholding tax paid		(4,205)	(3,289)	(4,205)	(3,289)
Investment-related expenses paid		(47,665)	(37,640)	(47,665)	(37,640)
Net cash flow from current investments		–	41,285	–	41,285
Proceeds on maturities and disposals of money market investments		–	40,679	–	40,679
Interest received from money market investments		–	606	–	606
Net cash from/(used in) investment activities		31,680	(271,020)	31,680	(271,020)
Cash used in operating activities		(19,657)	(293,707)	(19,650)	(293,697)
Cash flows from financing activities:					
Payment for buyback of A Ordinary Shares		(20,000)	–	(20,000)	–
Proceeds from borrowings		160,000	292,235	160,000	292,235
Repayment of borrowings		(112,235)	–	(112,235)	–
Net cash from financing activities		27,765	292,235	27,765	292,235
Net increase/(decrease) in cash and cash equivalents		8,108	(1,472)	8,115	(1,462)
Cash and cash equivalents at the beginning of the year		3,117	4,578	2,651	4,102
Effects of exchange rate changes on the balance of cash held in foreign currencies	14	11	11	11	11
Total cash and cash equivalents at the end of the year	7	11,236	3,117	10,777	2,651

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 Annual Financial Statements (collectively referred to as "Annual Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Annual Financial Statements. 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		
IFRS 4	*Extension of the temporary exemption from applying IFRS 9*	1 January 2023
IFRS 17	*Insurance Contracts*	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
IAS 1	*Classification of liabilities as current or non-current – deferral of effective date*	1 January 2024

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 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 Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE, and the requirements of the Mauritius Companies Act in so far as applicable to Global Business Licensed companies.

3 Significant accounting policies (continued)

3.1 Basis of preparation (continued)

The accounting policies applied in the preparation of these Annual Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year and with IFRS, except for the adoption of the IFRS revisions as noted previously. These however have not resulted in material changes to the Group's results and/or disclosures.

The Annual Financial Statements have been prepared under the historical cost basis except for financial instruments and investments which are measured at fair value.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due, therefore these Annual Financial Statements have been prepared on the going concern basis

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 26 September 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) Annual Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The Group controls an entity when it has power over and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are consolidated from the date on which the Group acquires control, up to the date that control ceases.

When the Company has less than a majority of the voting rights of a controlled entity, it has power over the controlled entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the controlled entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a controlled entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

3 Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

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 Financial assets

Financial assets relevant to the Group are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL") and at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised in the Statements of Financial Position when the Group becomes party to the contractual terms of the instruments. The Group's financial assets that are categorised as FVTPL include unlisted investments at fair value and money market investments at fair value. Cash and bank balances, other assets and receivables are categorised as financial assets at amortised cost.

3.3.1 Financial assets at FVTPL

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), previously managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. On 1 April 2023, Ethos completed its merger with The Rohatyn Group ("TRG Group"), a specialised global asset management firm focused on investment solutions in emerging markets and real assets that is headquartered in New York. Rohatyn Management South Africa Proprietary Limited ("TRG SA") will assume responsibility as the sole Investment Advisor to Ethos Capital once it is licensed as a financial services provider, but in the interim, will act together with Ethos (as its juristic representative) through a combination of different arrangements. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. The investments are categorised as follows:

Primary	initial commitments made into Funds during a fundraising process.
Secondary	subsequent acquisitions of existing commitments from another Limited Partner.
Direct	acquisition of interests in underlying Portfolio Companies alongside the relevant Funds where the Funds require co-investors. These Co-Investments will be in addition to the Funds' participation via the Limited Partners' commitments and the Group's participation is structured via either a commitment into a separate Fund, that will then invest directly into the Portfolio Company, or a direct investment into the Portfolio Company.

In addition to the above Investment Strategy, cash that is surplus to investments and working capital needs, is invested in a portfolio of low-risk and liquid debt instruments, categorised as Temporary Investments. These Temporary Investments are held at fair value and any discount/premium to the par value, is amortised over the residual hold period of the investment and included as interest income in the Statements of Comprehensive Income.

As noted above, the Group's core unlisted investments are made via commitments into Ethos-managed Funds. This commitment is not funded upfront when the commitment is made, but is drawn down via cash funding request ("capital calls") over the life of the Fund as required. The Fund has an investment period which typically expires five years after the final Fund closing date. The purpose of the capital calls during the investment period is to fund new and follow-on investments into Portfolio Companies, and to cover any operating expenses of the Fund. After the investment period ("realisation period"), capital calls will be requested to fund follow-on investments into existing Portfolio Companies, operating expenses of the Fund and any other potential obligations of the Fund. Portfolio Companies could be realised, partially or in full, during either of the above periods which will result in cash receipts by the Group. Depending on the nature of the realisation proceeds, the receipts will be classified as capital distributions and/or income distributions.

3 Significant accounting policies (continued)

3.3 Financial assets (continued)

3.3.1 Financial assets at FVTPL (continued)

As per note 3.10, the Group determines the fair value of the Funds and Co-Investments (Direct Investments), based on the net asset value ("NAV") of each Fund, and will recognise the unrealised appreciation/depreciation in the Annual Financial Statements. The NAV is derived from the fair value assessment of the Portfolio Companies, cash resources and income (accrued or undistributed) and expenditure (incurred or accrued) of the Fund.

The Group's policies in respect of the treatment of the investment in the Funds through capital calls, the fair value movements on the Funds' NAV and the distributions are as follows:

Investment capital calls	the amount is included in the cost of unlisted investments at fair value.
Expenses capital calls	the amount is included within expenses and allocated to the specific expense category.
Capital distributions	the amount relating to a return of cost of investment is credited to the cost of unlisted investments at fair value and the amount relating to gains or losses is recognised as such in the Statements of Comprehensive Income.
Income distributions	the amount is recognised as investment income in the Statements of Comprehensive Income, per the revenue recognition policy as stated in note 3.5.
Unrealised fair value appreciation/depreciation	any amount that relates to income or expenses of the Fund will be treated as such in the Statement of Comprehensive Income and any such income or expenses not yet received or paid will be recognised as accrued income (see note 3.5 on revenue recognition) or accrued expenses on the Statements of Financial Position. Any other amount will be treated as a capital unrealised fair value adjustment in the Statements of Comprehensive Income and included within unlisted investments at fair value on the Statements of Financial Position.

3.3.2 Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost include other assets and receivables and cash and bank balances. These are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the effect of discounting is immaterial.

The carrying amounts of the assets are assessed at the end of each reporting period for indicators of impairment and the amount of any expected credit losses is updated at such period-end. Impairment is relevant when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the asset have been affected. The expected credit loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For other assets and receivables and cash and bank balances, the simplified approach permitted by IFRS9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the financial assets. The carrying amount of the financial asset is reduced by the expected credit loss directly only when all legal avenues have been exhausted and there is no possibility of an additional recovery.

Changes in the carrying amount and subsequent recoveries of amounts previously written off are recognised in the Statements of Comprehensive Income.

3.3.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.4 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.4.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. The Group's equity consists of A and B Ordinary Shares. The B Ordinary Shares are unlisted and entitle the holders to only participate in any distribution made by the Company in respect of the annual performance participation and is therefore excluded from the issued and weighted average number of shares in issue.

3.4.2 Treasury shares

Ordinary Shares that were repurchased by the Group are classified as treasury shares. The 13.5 million secured shares as per note 3.2 are also classified as treasury shares. The cost of treasury shares is deducted from equity in the Statements of Financial Position and shown as such on the Statements of Changes in Equity. The number of treasury shares is deducted from the issued and weighted average number of shares in issue. No gain or loss is recognised in the Statements of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.4.3 Financial liabilities

The Group's financial liabilities, classified as other financial liabilities, consist of borrowings, other financial liabilities and other liabilities and payables. The liabilities are measured at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums of discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of initial recognition.

3.4.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statements of Comprehensive Income.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.5.1 Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, net of any anticipated impairments. Interest income is included as investment income in the Statements of Comprehensive Income. Any discount to par achieved on money market instruments is amortised to cost over the maturity period of the investment and recognised as interest income, whereas any premium paid to par on such investments is amortised against the cost of the investment over its residual hold period and recognised as a charge against interest income.

3.5.2 Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Dividend income is included as investment income in the Statements of Comprehensive Income.

3.5.3 Investment gains/losses are recognised if any fair value adjustments relating to investments held at fair value are required and are included as fair value gains/losses in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.6 Foreign currency transactions

3.6.1 Functional and presentation currency

Items included in the Annual Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Annual Financial Statements are presented in South African Rand ("ZAR"), the Group's functional currency. Other currencies that are relevant to the Group are: British Pound Sterling ("GBP"); Swiss Franc ("CHF"); and United States Dollar ("US$").

3.6.2 Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities outstanding at the reporting period are recognised in profit or loss.

Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into ZAR at the closing rate ruling at that date. At 30 June 2023, the applicable rate used to translate foreign currency balances was US$:ZAR18.8355 (2022: 16.3703).

3.7 Equity-settled share-based payments

The Company concluded a subscription agreement ("the Agreement") with the EPE Allocation Trust ("EPE Trust") whereby EPE Trust subscribed for 7,500,000 A Ordinary Shares at R0.01 per share. These shares were notionally encumbered and are released from their encumbrance when the annual growth on invested NAV exceed a performance hurdle of 10% per year, as specified in the Agreement through the notional performance participation settlement calculation.

A transaction in which an entity receives goods or services as consideration for its own equity instruments is classified as an equity-settled share-based payment transaction in terms of IFRS 2. The performance condition attached to the release of the encumbered shares, being the achievement of annual performance hurdles, is classified as a non-vesting condition, given it does not relate to both service and performance conditions.

Equity-settled share-based payments are initially measured at fair value on the grant date. The grant date of the 7,500,000 encumbered shares is the listing date, 5 August 2016. The fair value of the equity instruments issued is credited to capital and reserves on the Statements of Financial Position and any excess between the fair value and the cash received as subscription proceeds for the equity instruments issued is recognised as an expense in the Statements of Comprehensive Income. At that time, the fair value of the shares issued to EPE Trust was assessed and, in light of the required performance conditions, was deemed to be equal to the subscription value of R0.01 per share. Therefore, no share-based amount was included in the Statements of Comprehensive Income for the year ended 30 June 2017.

3.8 Taxation

Taxation consists of Mauritian income tax, chargeable on income-related items only (capital gains are not taxed), and withholding taxes on foreign investment income earned.

Current income tax is the expected tax payable on the taxable profit for the current financial year, based on rates that have been enacted or substantively enacted by the end of the financial year. To the extent that the Group incurred withholding taxes on foreign investment income, such income is recorded as a gross amount in the Statements of Comprehensive Income and withholding taxes are included in the taxation expense in the Statements of Comprehensive Income.

The Group has no temporary differences between its accounting and taxable profits and hence no deferred tax has been provided.

3.9 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)

3.10 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, a NAV valuation method or a revenue multiple method.

In terms of the revenue or earnings multiple method, an appropriate and reasonable valuation multiple is applied to the maintainable earnings or revenue of the investment. For each investment an EBITDA or an earnings before interest after tax ("EBIAT"), or revenue 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 and liquidity factors), and growth prospects.

Maintainable earnings or revenue are typically based on historical earnings or revenue 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 or revenue. 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, EBIAT or revenue and net debt of each Portfolio Company, especially during these unprecedent times, requires a high degree of judgement by TRG SA; 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.

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 Significant accounting policies (continued)

3.11 Net asset value per share

3.11.1 Basic

The Group calculates and presents the Group and Company's net asset value per share ("NAVPS"), which is not required in terms of IFRS. The Board is of the view that given the nature of the Group's business, the sustainability of the NAV and NAVPS, and the growth thereon over a longer period is considered the most appropriate measurement of the Group's financial performance.

In calculating the NAVPS, the Group and Company's NAV, as presented in the Statements of Financial Position, is divided by the number of shares as disclosed in note 8. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at year-end, less treasury shares and less the notionally encumbered shares.

3.11.2 Diluted

Diluted NAVPS adjusts the number of shares in determining the NAVPS by the number of notionally encumbered A Ordinary Shares that would have been released from their encumbrance if the notional performance participation settlement calculation was applied to the current financial year ended 30 June 2023. Further details are provided in note 20.

3.12 Going concern

The Directors believe the Group has adequate resources and/or options available to them to settle its obligations as and when they become due, therefore these Annual Financial Statements have been prepared on the going concern basis.

3.13 Statements of Cash flows

As noted, the Company is an investment holding company with a strategy to largely invest in longer-term investments by investing into four asset categories: Primary, Secondary, Direct and Temporary Investments. Given the core operating nature of the above strategy and the longer-term hold and realisation periods, it is the policy of the Group to classify and recognise all of its investment-related activities and investment income received from these investments as operating activities in the Statements of Cash flows. Any other investment strategy, not included in the above mentioned asset categories, will be classified and recognised as investing activities in the Statements of Cash flows.

3.14 Guarantee

Any guarantee is accounted for under the guidance of IFRS 4: Insurance contracts. A liability for the guarantee is only recognised when it is probable that an outflow of economic benefits will likely occur and when such liability or any expected credit losses thereon can be measured reliably.

Any such liability is recognised in the Company's Statement of Financial Position and any expected credit losses on a guarantee are recognised in the Company's Statement of Comprehensive Income.

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"), that were previously managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. On 1 April 2023, Ethos completed its merger with The Rohatyn Group ("TRG Group"), a specialised global asset management firm focused on investment solutions in emerging markets and real assets that is headquartered in New York. Rohatyn Management South Africa Proprietary Limited ("TRG SA") will assume responsibility as the sole Investment Advisor to Ethos Capital once it is licensed as a financial services provider, but in the interim, will act together with Ethos (as its juristic representative) through a combination of different arrangements. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. Alternatively, the Group can also make Co-Investment commitments to invest into Portfolio Companies alongside the Funds.

At 30 June 2023, the Group had the following investments:

	Group		Company	
	30 June 2023 R'000	**30 June 2022 R'000**	**30 June 2023 R'000**	**30 June 2022 R'000**
Investments held at fair value through profit or loss:				
Carrying amounts of:				
Unlisted investments	2,688,078	2,650,564	2,688,078	2,650,564
	2,688,078	2,650,564	2,688,078	2,650,564
Comprising:				
Cost	2,937,807	2,904,268	2,937,807	2,904,268
Unrealised capital revaluation movement at the end of the year	(458,614)	(499,613)	(458,614)	(499,613)
Accrued income	208,885	245,909	208,885	245,909
	2,688,078	2,650,564	2,688,078	2,650,564

The investments consisted of the following 10 investments:

Group and Company	Average participation in Ethos Funds/ Co-Investments 30 June 2023 %	Cost 30 June 2023 R'000	Valuation 30 June 2023 R'000	Income distributions received 30 June 2023 R'000	Devaluation 30 June 2023 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
TRG AF VII[(1)]	61	692,277	970,588	24,287	–
EMMF I[(2)]	39	830,522	680,257	18,324	(150,265)
EDI[(3)]	1-6	786,114	495,403	11,108	(290,711)
TRG AAiF I[(4)]	20	114,467	227,214	2,374	–
EHP[(5)]	13	96,153	128,983	–	–
Primedia Holdings (Pty) Ltd	4	144,247	79,321	–	(64,926)
EF VI[(6)]	<2	91,990	57,286	696	(34,704)
TRG MP3[(7)]	n/a	18,115	25,453	–	–
EMMF I Direct[(8)]	5	163,922	23,573	–	(140,349)
		2,937,807	2,688,078	56,789	(680,955)

[(1)] *TRG Africa Fund VII (B) Partnership.*
[(2)] *Ethos Mid Market Fund I (B) Partnership.*
[(3)] *Ethos Direct Investment Partnership.*
[(4)] *TRG Africa Artificial Intelligence Fund I (B) Partnership.*
[(5)] *Ethos Healthcare (A) Partnership.*
[(6)] *Ethos Fund VI (Jersey) LP.*
[(7)] *TRG Mezzanine Partners 3 (B) Partnership.*
[(8)] *Ethos Mid Market Direct Investment Partnership.*

4 Unlisted investments at fair value (continued)

The valuation (or NAV) of each investment is representative of its fair value and also represents the net assets of each.

The devaluation results from specific provisions made against certain of the underlying Portfolio Companies within each Fund or Co-Investment that are currently underperforming relative to its acquisition value, that in aggregate, devalues the NAV of the Group's investments to below its cost. Furthermore, the devaluation also related to the fair value of certain underlying listed investments that are reflected at the prevailing share price that currently is lower than the acquisition cost.

The above cumulative devaluation is still largely attributable to the COVID pandemic that had a significant impact at that time on the underlying Portfolio Company valuations, listed assets more than the unlisted assets with the former assets' valuation decreasing by more than 50% during the March 2020 quarter. Since the pandemic, the underlying EBITDA of the underlying Portfolio Companies has shown a significant improvement in operating and financial performance that has contributed towards their post-COVID recovery. However, some Portfolio Companies were more directly exposed to COVID and will take longer to recover from the impact and the economic downturn and are currently still trading behind their pre-COVID levels. Similarly, the share price of the underlying investment in Brait has not recovered post the significant fall in March 2020.

Group and Company	Average 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:					
TRG AF VII[1]	61	804,587	970,104	24,363	–
EMMF I[2]	39	700,444	606,912	6,690	(93,532)
EDI[3]	1 – 6	808,462	579,086	8,406	(229,376)
TRG AAiF I[4]	20	104,227	177,898	1,713	–
EHP[5]	13	96,152	144,446	–	–
Primedia Holdings (Pty) Ltd	4	144,247	73,039	–	(71,208)
EF VI[6]	<2	94,987	65,846	908	(29,141)
TRG MP3[7]	n/a	18,115	13,791	362	(4,324)
EMMF I Direct[8]	9	110,890	19,442	–	(91,448)
		2,904,268	2,650,564	42,442	(541,186)

[1] *TRG Africa Fund VII (B) Partnership.*
[2] *Ethos Mid Market Fund I (B) Partnership.*
[3] *Ethos Direct Investment Partnership.*
[4] *TRG Africa Artificial Intelligence Fund I (B) Partnership.*
[5] *Ethos Healthcare (A) Partnership.*
[6] *Fund VI (Jersey) LP.*
[7] *TRG Mezzanine Partners 3 (B) Partnership.*
[8] *Ethos Mid Market Direct Investment Partnership.*

Further details on the TRG SA 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
TRG AF 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
TRG AAiF 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
TRG MP3	Mezzanine and quasi-equity financing	2018	n/a	n/a

4 Unlisted investments at fair value (continued)

At 30 June 2023, the underlying investments (Portfolio Companies) of the above Funds constituting 99.3% of the total assets, consisted of the following 22 Portfolio Companies and the investment in exchangeable bonds:

Company

Name	Fund or type	Economic interest %	Business description/sector	Percentage of total assets 30 June 2023 %	Percentage of total assets 30 June 2022 %
Optasia	TRG AF VII / TRG AAiF I / EDI	7.3	FinTech service provider	30.7	28.7
Virgin Active (Brait)	TRG AF VII / EDI	6.6	Health club operator	10.2	8.7
Synerlytic	EMMF I	37.2	Specialised analytical and testing services	7.5	6.3
Other (Brait)		9.7	Exchangeable bonds	7.1	7.5
Vertice	EHP	16.8	MedTech	6.2	7.1
Crossfin	EMMF I / TRG AAiF I	12.0	Fintech Group	6.1	5.2
Echo	EMMF I / TRG AF VII	34.1	Corporate ISP	5.9	7.0
Gammatek	EMMF I	20.1	TMT accessory distribution	5.1	5.0
Premier (Brait)	TRG AF VII / EDI	4.6	FMCG manufacturer	4.1	9.7
TymeBank	TRG AAiF I	0.7	Banking	3.4	2.3
Primedia	EF VI / Direct	4.7	Media	3.1	2.9
E4	EMMF I	7.1	Software as a Service	2.0	n/a
Kevro	EMMF I / EMMF I Direct	9.2	Corporate clothing and gifting	1.6	1.4
MTN Zakhele Futhi	EMMF I	1.7	Telecommunications	1.6	1.9
New Look (Brait)	TRG AF VII / EDI	1.8	Multi-channel fast-fashion brand	1.0	0.7
Chibuku	TRG MP3	n/a	Brewing and distribution	0.9	0.5
Eazi Access	EF VI / EMMF I	4.9	Industrial support services	0.9	1.1
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.7	0.7
Twinsaver	EF VI / EMMF I	7.5	FMCG manufacturer	0.4	0.2
Neopak	EF VI	1.4	Paper and packaging	0.3	0.3
RTT	EF VI	0.7	Logistics	0.3	0.3
Waco International	EF VI	0.3	Industrial support services	0.2	0.3
Autozone	EF VI / EMMF I	8.2	Automotive parts retailer & wholesaler	–	1.1
				99.3	99.4

4 Unlisted investments at fair value (continued)

Reconciliation of movements:

Group and Company	Cost 30 June 2023 R'000	Capital depreciation 30 June 2023 R'000	Accrued income 30 June 2023 R'000	Total 30 June 2023 R'000
Balance at 1 July 2022	2,904,268	(499,613)	245,909	2,650,564
Acquisitions	184,407	–	–	184,407
Conversions	83,679	–	(83,679)	–
Realisations	(234,547)	23,567	(20,510)	(231,490)
Proceeds received	(211,168)	–	(56,789)	(267,957)
Unrealised losses realised	–	23,567	–	23,567
Current year (losses)/gains	(23,379)	–	36,279	12,900
Revaluation increase at the end of the year	–	17,432	67,165	84,597
Balance at 30 June 2023	2,937,807	(458,614)	208,885	2,688,078

Group and Company	Cost 30 June 2022 R'000	Capital depreciation 30 June 2022 R'000	Accrued income 30 June 2022 R'000	Total 30 June 2022 R'000
Balance at 1 July 2021	2,590,450	(949,741)	186,627	1,827,336
Acquisitions	314,302	–	–	314,302
Realisations	(484)		(7,858)	(8,342)
Proceeds received	(484)	–	(42,442)	(42,926)
Current year gains	–	–	34,584	34,584
Revaluation increase at the end of the year	–	450,128	67,140	517,268
Balance at 30 June 2022	2,904,268	(499,613)	245,909	2,650,564

5 Other assets and receivables

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Prepayments	524	414	524	414
Attributable share of TRG SA Funds' other receivables	4,865	10,460	4,865	10,460
Other receivables	5	2	3	–
	5,394	10,876	5,392	10,874

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

6 Income tax receivable

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Balance at 1 July	3,318	903	3,318	903
Net payments made	1,589	5,454	1,589	5,454
Provision for current year income tax	(1,511)	(2,118)	(1,511)	(2,118)
Prior year under provision	–	(921)	–	(921)
Balance at 30 June	3,396	3,318	3,396	3,318

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

7 Cash and cash equivalents

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Cash and bank balances:				
Bank balances	11,236	3,117	10,777	2,651
	11,236	3,117	10,777	2,651

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

8 Issued capital

	Group		Company	
	30 June 2023 Number	30 June 2022 Number	30 June 2023 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
A Ordinary Shares issued at R7.50 per share	100,000,000	100,000,000	100,000,000	100,000,000
A Ordinary Shares issued at R0.01 per share	7,500,000	7,500,000	7,500,000	7,500,000
B Ordinary Shares issued at R0.01 per share	10,000	10,000	10,000	10,000
	287,510,000	287,510,000	287,510,000	287,510,000
Black Hawk treasury shares (A Ordinary shares)	(13,500,000)	(13,500,000)	–	–
A Ordinary Shares repurchased	(12,614,901)	(9,000,000)	(12,614,901)	(9,000,000)
Total issued share capital	261,395,099	265,010,000	274,895,099	278,510,000

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Issued and fully paid				
A Ordinary Shares issued at R10.00 per share	1,800,000	1,800,000	1,800,000	1,800,000
A Ordinary Shares issued at R7.50 per share	750,000	750,000	750,000	750,000
A Ordinary Shares issued at R0.01 per share	75	75	75	75
B Ordinary Shares issued at R0.01 per share	–	–	–	–
Less: Share issue costs	(49,389)	(49,389)	(49,389)	(49,389)
	2,500,686	2,500,686	2,500,686	2,500,686
Black Hawk treasury shares (A Ordinary Shares)	(135,000)	(135,000)	–	–
A Ordinary Shares repurchased	(94,414)	(74,414)	(94,414)	(74,414)
Total issued share capital	2,271,272	2,291,272	2,406,272	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 are directly attributable to the issue of all shares, amounting to R34,716,000, were capitalised and recognised as a deduction from share capital.

At the same time, 10,000 B Ordinary Shares were issued to the Trustees of the Ethos Private Equity Allocation Trust ("the EPE Trust"), at an issue price of R0.01 per share. These shares were not admitted to the JSE for listing and trading. The B Ordinary Shares are a mechanism to effect payment of the annual performance participation to the EPE Trust in the form of a cash dividend on the B Ordinary Shares, following the notional encumbrance termination date. The B Ordinary Shares therefore entitle the holders to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the B Ordinary Shares and, upon the A Ordinary Shares issued to the EPE Trust at R0.01 per share ceasing to be encumbered (refer to note 20), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

8 Issued capital (continued)

On 12 February 2020, the Company completed a Rights Issue whereby 100,000,000 A Ordinary Shares were issued at R7.50 per share. Costs amounting to R14,673,000 that are directly attributable to the share issue were capitalised and recognised as a deduction from share capital.

Further information on the A and B Ordinary Shares is provided in note 20.

Cumulative to date, the Company has purchased 12,614,901 A Ordinary Shares at an average price of R7.48 per share. These shares are currently held in treasury. As set out in note 18, 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.

9 Reserves

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Reserves consist of:				
Accumulated losses:				
Balance at 1 July	(104,344)	(574,882)	(71,562)	(554,394)
Income for the year	5,191	470,538	23,421	482,832
Balance at 30 June	(99,153)	(104,344)	(48,141)	(71,562)

10 Borrowings

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Secured – at amortised cost:				
Revolving credit facility (Ethos Capital)	340,000	292,235	340,000	292,235
Unsecured – at amortised cost:				
Loan facility (Black Hawk)	186,473	168,250	–	–
	526,473	460,485	340,000	292,235
Current	–	–	–	–
Non-current	526,473	460,485	340,000	292,235
	526, 473	460,485	340,000	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 3.75x 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. All interest was paid to 30 June 2023.

The Group has exposure to RMB via a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2023. 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.

11 Other liabilities and payables

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Administration fees payable	16	5	16	5
Advisory fees payable	7,114	6,445	7,114	6,445
Attributable share of TRG SA Funds' other payables	–	11,625	–	11,625
Other payables	2,382	2,387	2,382	2,387
	9,512	20,462	9,512	20,462

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

12 Changes in fair value of investments through profit or loss

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Income:				
Interest accrued and received on unlisted investments	72,094	67,373	72,094	67,373
Dividends accrued and received on unlisted investments	31,350	31,418	31,350	31,418
Fee income received	–	2,933	–	2,933
	103,444	101,724	103,444	101,724
Net gain arising on changes in the fair value of investments	17,432	450,128	17,432	450,128
Reversal of prior years' fair value losses on disposal	23,567	–	23,567	–
Losses on realisation of investments	(23,379)	–	(23,379)	–
	17,620	450,128	17,620	450,128
Tax expenses:				
Withholding tax	(4,205)	(3,289)	(4,205)	(3,289)
	(4,205)	(3,289)	(4,205)	(3,289)
Expenses:				
Ethos/TRG SA fees	(32,449)	(28,504)	(32,449)	(28,504)
Finance costs	(13,095)	(8,204)	(13,095)	(8,204)
Other Fund operating expenses	(1,482)	(932)	(1,482)	(932)
	(47,026)	(37,640)	(47,026)	(37,640)
	69,833	510,923	69,833	510,923

13 Investment income

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Income:				
Interest from money market investments	–	489	–	489
Interest from cash and bank balances	759	145	744	137
	759	634	744	626
Analysis of investment income by category of asset:				
Interest earned from assets designated at fair value through profit or loss	–	489	–	489
Loans and receivables (including cash and bank balances)	759	145	744	137
	759	634	744	626

14 Net fair value gains

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Unrealised:				
Net foreign exchange gain on conversion of cash and cash equivalents	11	11	11	11
Net fair value gains	11	11	11	11

15 Profit before tax

Profit before tax has been arrived at after charging:

15.1 Administration fees

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Administration fee – Ethos/TRG SA	23	25	23	25
Administration fee – Ashburton	–	18	–	18
	23	43	23	43

Refer to note 21 for information on how the fees are calculated.

15.2 Legal and consultancy fees

Professional advisors' fees	581	582	581	582
	581	582	581	582

15.3 Other operating expenses

Company secretarial, accounting and other administration fees	234	421	234	421
Directors' emoluments	4,656	4,434	4,656	4,434
Auditors' remuneration	1,365	1,271	1,365	1,271
Insurance costs	399	352	399	352
Sponsor and listing-related fees	813	762	813	762
Publication costs	545	582	545	582
Donations	102	–	102	–
Other expenses	673	455	651	436
	8,787	8,277	8,765	8,258

15.4 Finance costs

Secured:				
Interest on secured credit facility	34,867	12,788	34,867	12,788
Commitment and transaction fees	1,420	4,018	1,420	4,018
Total amount paid	36,287	16,806	36,287	16,806
Unsecured:				
Interest on unsecured loan facility	18,223	12,283	–	–
Total amount accrued	18,223	12,283	–	–
	54,510	29,089	36,287	16,806

16 Directors' emoluments

The following emoluments were paid to the Directors during the year for their services as a Director:

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 203 R'000	Year ended 30 June 2022 R'000
Derek Prout-Jones	1,640	1,640	1,640	1,640
Kevin Allagapen[(1)]	443	383	443	383
Michael Pfaff	1,290	1,290	1,290	1,290
Yuvraj Juwaheer[(1)]	443	383	443	383
Yvonne Stillhart[(2)]	840	738	840	738
	4,656	4,434	4,656	4,434

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

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

17 Income tax expense

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Current tax:				
In respect of the current year	1,511	2,118	1,511	2,118
In respect of the prior year	–	921	–	921
Total income tax expense	1,511	3,039	1,511	3,039

The Group is liable for income tax at a rate of 15%. However, 80% of certain foreign sourced income of the Group, subject to certain requirements, is exempt from income tax. In addition, 80% of certain expenditure relating to such foreign sourced income, and a proportion of all other expenditure, is not deductible from taxable profit. In addition to income tax, and where applicable, the Group incurs withholding tax on foreign sourced income received.

17 Income tax expense (continued)

The income tax expense for the year can be reconciled to the accounting profit as follows:

Group and Company	Group: Year ended 30 June 2023 R'000	Group: Year ended 30 June 2022 R'000	Company: Year ended 30 June 2023 R'000	Company: Year ended 30 June 2022 R'000
Profit before tax	6,702	473,577	24,932	485,871
Income tax charge calculated at 15%	1,005	71,037	3,740	72,881
Adjustments for the effect of:				
Tax exemption on foreign investment income	(12,413)	(12,272)	(12,413)	(12,272)
Unrealised fair value gains exemption	(6,152)	(67,521)	(6,152)	(67,521)
Realised fair value losses exemption	3,507	–	3,507	–
Expenses that are not deductible in determining taxable profit	15,564	10,874	12,829	9,030
– Expenses directly relating to exempt income	6,526	4,517	6,526	4,517
– Proportionate allocation of exempt income to expenses	5,643	3,992	5,643	3,992
– Net interest on loan facility	2,735	1,844	–	–
– Withholding tax not deductible	631	493	631	493
– Legal and consultancy fees deemed of a capital nature	14	28	14	28
– Donations not deductible	15	–	15	–
Total adjustments	506	(68,919)	(2,229)	(70,763)
Income tax change in respect of the current year	1,511	2,118	1,511	2,118
Prior year under provision	–	921	–	921
Income tax expense recognised in current year	1,511	3,039	1,511	3,039

18 Capital commitments and guarantees

	Group: 30 June 2023 R'000	Group: 30 June 2022 R'000	Company: 30 June 2023 R'000	Company: 30 June 2022 R'000
Undrawn capital commitments:				
Consisting of unlisted investments in:				
EMMF I[(1)]	127,038	212,215	127,038	212,215
TRG AAiF I[(2)]	33,991	45,632	33,991	45,632
EF VI[(3)]	7,711	13,017	7,711	13,017
	168,740	270,864	168,740	270,864
Guarantee:				
RMB Bank loan	–	–	186,473	168,250
	–	–	186,473	168,250
Total commitments and guarantees	168,740	270,864	355,213	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 TRG Africa Artificial Intelligence Fund I (B) Partnership on 1 October 2018.*

(3) *Commitment of $10 million (R143 million) to Ethos Fund VI (Jersey) LP on 18 November 2016.*

18 Capital commitments and guarantees (continued)

The Company has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2023. 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 R64,665,000 at 30 June 2023. In the event that the guarantee was called at 30 June 2023, the Company would have been required to settle the outstanding RMB facility for an amount of R186,473,000.

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, based on the assumption that the loan facility will again be extended beyond its current maturity date of 12 February 2025.

19 Notes to the Statements of Cash Flows

19.1 Cash used in operations

	Group		Company	
	Year ended 30 June 2023 R'000	**Year ended 30 June 2022 R'000**	**Year ended 30 June 2023 R'000**	**Year ended 30 June 2022 R'000**
Cash flows from operating activities before investing activities:				
Profit before tax for the year	6,702	473,577	24,932	485,871
Adjustments for:				
Investment income recognised in profit	(104,203)	(102,358)	(104,188)	(102,350)
Withholding tax on investments	4,205	3,289	4,205	3,289
Investment-related expenses	47,026	37,640	47,026	37,640
Gain from fair value adjustments	(40,999)	(450,128)	(40,999)	(450,128)
Net foreign exchange gain	(11)	(11)	(11)	(11)
Loss on disposal of investments	23,379	–	23,379	–
Finance costs recognised in profit	54,510	29,089	36,287	16,806
	(9,391)	(8,902)	(9,369)	(8,883)
Movements in working capital	(4,829)	8,330	(4,829)	8,329
(Decrease)/increase in trade and other receivables	6,790	(41)	6,790	(42)
(Decrease)/increase in other liabilities and payables	(11,619)	8,371	(11,619)	8,371
Cash used in operations	(14,220)	(572)	(14,198)	(554)

19.2 Income tax paid

	Group		Company	
	Year ended 30 June 2023 R'000	**Year ended 30 June 2022 R'000**	**Year ended 30 June 2023 R'000**	**Year ended 30 June 2022 R'000**
Net payments made (refer to note 6)	1,589	5,454	1,589	5,454
	1,589	5,454	1,589	5,454

20 Earnings per share and NAV per share

As detailed in note 8, 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 basic earnings, basic headline earnings and basic NAVPS respectively. The calculations below therefore reflect the basic earnings, basic headline earnings and basic NAVPS attributable to the unrestricted A Ordinary shareholders.

20.1 Earnings and headline earnings per share

	Group		Company	
	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Total comprehensive income attributable to ordinary shareholders	5,191	470,538	23,421	482,832
Reconciliation of basic earnings to headline earnings:				
Total comprehensive income attributable to ordinary shareholders	5,191	470,538	23,421	482,832
Reconciling items	–	–	–	–
Headline earnings for the year	5,191	470,538	23,421	482,832
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of earning per share	256,884	257,500	270,384	271,000
Basic and diluted earnings per share (Rand)	0.02	1.82	0.09	1.78
Basic and diluted headline earnings per share (Rand)	0.02	1.82	0.09	1.78

20 Earnings per share and NAV per share (continued)

20.2 Net asset value per share

	Group		Company	
	30 June 2023 R'000	30 June 2022 R'000	30 June 2023 R'000	30 June 2022 R'000
Net asset value	2,172,119	2,186,928	2,358,131	2,354,710
20.2.1 Basic net asset value per share	**'000**	**'000**	**'000**	**'000**
Number of shares in issue during the year	287,500	287,500	287,500	287,500
Less: Shares held in treasury	(26,115)	(22,500)	(12,615)	(9,000)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the year	253,885	257,500	267,385	271,000
Basic net asset value per share (Rand)	8.56	8.49	8.82	8.69
20.2.2 Diluted net asset value per share				
Number of shares in issue during the year	287,500	287,500	287,500	287,500
Less: Shares held in treasury	(26,115)	(22,500)	(12,615)	(9,000)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)
Add: Release of encumbered shares	2,635	–	2,635	–
Number of implied attributable shares in issue at end of the year	256,520	257,500	270,020	271,000
Diluted net asset value per share (Rand)	8.47	8.49	8.73	8.69

As set out in note 21, the performance participation is measured over a three-year measurement period based on the average growth in NAV of certain investments over the period. The current measurement period is ending on 30 June 2025. Based on the performance participation calculation at 30 June 2023, an amount of R22.3 million would have been payable, had the measurement period ended at 30 June 2023, and would have resulted in a release of 2.635 million notional encumbered A Ordinary Shares to EPE Trust. The number of attributable shares in issue at the end of the year was adjusted for the release of these shares in determining the diluted NAVPS of the Group and Company at 30 June 2023.

21 Key agreements

The Company had previously entered into an investment services agreement with Ethos, the terms of which stipulate that the latter, as Investment Advisor, provided investment advice (including sourcing investments), and administrative and back office services to the Company. As payment for these services, Ethos received investment services, management, and administration fees that are calculated and paid quarterly.

On 1 April 2023, Ethos completed a merger with The Rohatyn Group ("TRG Group"), a specialised global asset management firm focused on investment solutions in emerging markets and real assets that is headquartered in New York. Rohatyn Management South Africa Proprietary Limited ("TRG SA") will assume responsibility as the sole Investment Advisor to Ethos Capital once it is licensed as a financial services provider, but in the interim, will act together with Ethos (as its juristic representative) through a combination of different arrangements. All key members of the previous Ethos investment team transferred their employment to TRG SA.

Founded in 1984, Ethos managed investments in private equity and credit strategies in South Africa and the rest of sub-Saharan Africa. With pre-merger assets under management of c. R24 billion, Ethos targeted control buyouts and selected expansion capital investments in companies with strong growth potential. Ethos managed investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development financial institutions, insurance companies and Ethos Capital. Investors were based in South Africa, Europe, North America and Asia.

21 Key agreements (continued)

Ethos had an unparalleled 39-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds has invested in 111 transactions, delivering 98 realised investments.

Ethos Capital will continue to hold its investments in the TRG SA Funds (largely renamed from Ethos Funds) on similar terms as the previous terms with Ethos.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV for Direct Investments, unless specifically agreed between the Group and TRG SA to be exempt from any fee; and the management fee is 1.5% of the average of the opening invested NAV and closing invested NAV for Primary Investments. In no event shall any of the above fees be less than zero and both fees were effective from 1 July 2017. In respect of any Secondary Investments acquired, the management fee payable thereon will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund.

TRG SA receives a fee of 0.25% of the average balance of the Temporary Investments as an administration fee for providing administrative and back office services. As noted above, the Company has an investment management agreement with Ashburton to manage its Temporary Investments. The administration fee paid to TRG SA is reduced by any fees payable to Ashburton, charged at 0.15%.

The Company has also entered into a subscription agreement with the EPE Trust that governs the terms of the A and B Ordinary Shares the EPE Trust subscribed for, as well as the Performance Participation EPE Trust is entitled to. The Performance Participation is based on 20% of the annual growth in NAV of invested assets and is triggered annually if the NAV growth exceeds a preferred hurdle of 10%. The Company's investment in EF VI the Brait ordinary shares, Brait exchangeable bonds and Optasia (held via EDI) are not subject to any Performance Participation.

The performance is retrospectively measured over a cumulative three-year measurement period ("Measurement Period") to ensure the average NAV growth over the Measurement Period exceeds the preferred hurdle with "clawback" in the event of underperformance in subsequent periods of the Measurement Period post-payment of any Performance Participation. Any Performance Participation amount due is firstly settled via the release of a number of encumbered A Ordinary Shares and thereafter via dividend payments on the B Ordinary Shares. The number of A Ordinary Shares to be released is determined by dividing any such Performance Participation amount by the prevailing Ethos Capital share price at the time.

Given the prevailing market conditions and overall Ethos Capital performance, Ethos, and the Trustees of the EPE Trust, have voluntarily proposed to the Ethos Capital Board to change the terms of the Performance Participation agreement. The parties have agreed to defer any settlement under the Performance Participation until the end of the Measurement Period (30 June 2025) based on the average performance over the three-year period. In addition, given the prevailing discount to NAVPS, the parties have further agreed to amend the calculation for the determination of the number of encumbered A Ordinary Shares to be released to the EPE Trust to be based on the Ethos Capital NAVPS as opposed to the Ethos Capital share price.

Since the listing date, no Performance Participation was due for the Measurement Periods ended 30 June 2019 and 30 June 2022 respectively. The current measurement period has commenced on 1 July 2022 and will be ending on 30 June 2025. Following the agreed terms, no Performance Participation is due on 30 June 2023.

22 Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the Group. The Board of Directors considered the key agreements, transactions and relationships between the Group and other entities and has classified the entities listed below as a related party, as per each categorisation noted. Where applicable, any transaction with a related party is disclosed below.

Key management personnel (including Directors)

Non-executive Directors

Senior Advisors

Entity is a provider of key management personnel to the Group

Ethos
TRG SA

Entity controlled or jointly controlled by an identified related party of the Group and/or Company

Enoha GmbH (controlled by the Chairperson)

Black Hawk

22 Related parties (continued)

22.1 Investment-related fees

The fees, as detailed in note 21, that were payable to Ethos and TRG SA during the year and any outstanding balances at 30 June 2023, are listed below:

Group and Company	Year ended 30 June 2023 R'000	Year ended 30 June 2022 R'000
Fees payable:		
Administration fee	23	25
Management fees	1,673	1,512
Advisory fees	30,776	26,992
	32,472	28,529

	30 June 2023 R'000	30 June 2022 R'000
Outstanding balances:		
Administration fee	16	5
Advisory fees	7,114	6,445
	7,130	6,450

22.2 Remuneration of Directors

The individual remuneration of the Directors, who are classified as "key management personnel" and therefore as related parties of the Group, is disclosed in note 16.

Included in the above remuneration is an amount of R840,000 (CHF45,000) (2022: R738,000) paid to Enoha GmbH in respect of the Director's remuneration of Yvonne Stillhart.

There was no outstanding remuneration due at 30 June 2023.

22.3 Other

As set out in note 18, the Company provided a guarantee on a R105 million loan facility (including any accrued interest) in favour of Black Hawk. Black Hawk subscribed to the A Ordinary Shares of the Company (see notes 8 and 18) for the benefit of the two Directors and/or their associates.

23 Financial risk factors and instruments

23.1 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.

23 Financial risk factors and instruments (continued)

23.1 Overview (continued)

The financial instruments of the Group and Company are categorised and measured at FVTPL or at amortised cost, as set out in note 3, and the financial risks are managed according to these categories. The analysis below sets out the carrying amounts of the financial assets and liabilities according to the categories as required by IFRS 7 Financial Instruments: Disclosures.

	Group		Company	
At 30 June 2023	**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	2,688,078	–	2,688,078	–
Other assets and receivables	–	5,394	–	5,392
Income tax receivable	–	3,396	–	3,396
Cash and cash equivalents	–	11,236	–	10,777
Financial liabilities:				
Borrowings	–	526,473	–	340,000
Other liabilities and payables	–	9,512	–	9,512

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

23 Financial risk factors and instruments (continued)

23.2 Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its Statement of Financial Position.

The capital structure of the Group consists of equity attributable to ordinary shareholders, comprising share capital, and retained earnings. The Group has access to a revolving credit facility to fund its core 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.

23.3 Valuation risk

23.3.1 Risk, policies and procedures

The Group's exposure to valuation risk arises from movements in its unquoted investments into the Funds, whose valuations in turn are derived from the valuations of the Portfolio Companies in which they invest. The Funds' NAV and Portfolio Companies are valued in accordance with the IPEV Valuation Guidelines and their valuations are largely derived from unobservable inputs. In addition, movements in the money market investments of the Group are valued by using observable inputs other than quoted prices, also provide valuation risk exposure.

As noted earlier, the General Partners of the Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund. 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 TRG SA's investment executives, are independently reviewed by senior executives/partners of TRG SA. These executives then submit and present the valuations to the TRG SA Valuation Committee, which consists of a number of senior executives/partners of TRG SA. 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.

23 Financial risk factors and instruments (continued)

23.4 Fair value classification of investments

Financial assets and liabilities carried at fair value need to be classified within the appropriate level of hierarchy on which their fair values are based. The information below sets out the different levels as well as the classification of the Group's assets and liabilities where appropriate.

Investments trading in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. These prices provide the most reliable fair value classification and the Group does not need to adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Group is the current bid price.

Investments trading in markets not considered to be active and deriving their fair value from observable inputs other than quoted prices included within level 1 are classified within level 2. These inputs need to be directly or indirectly observable for the investment and can include: quoted market prices for similar assets in active or non-active markets; observable inputs other than quoted prices; and inputs derived or corroborated by observable market data. The Group's money market investments will typically be classified within level 2.

Level 3 classification applies to investments where observable inputs are not available for the asset to determine its fair value. Unobservable inputs are used to measure fair value where relevant observable inputs are not available. The unlisted investments in Funds and Co-Investments are within this level.

The financial assets and liabilities measured at fair value in the Statements of Financial Position can be summarised as follows within the fair value hierarchy:

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets:				
Unlisted investments	648,701	–	2,039,377	2,688,078
At 30 June 2023	648,701	–	2,039,377	2,688,078

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.

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

	Unlisted investments	
Group and Company	**30 June 2023 R'000**	**30 June 2022 R'000**
Non-current assets:		
Opening balance	1,877,680	1,425,077
Acquisitions	145,461	143,643
Realisations at prior year carrying value	(230,406)	(8,342)
Net gains included in the Statements of Comprehensive Income	246,642	317,302
	2,039,377	1,877,680

23 Financial risk factors and instruments (continued)

23.5 Sensitivity of the fair values to unobservable inputs

23.5.1 Fund investments – NAV based

The Board of Directors has approved the valuation method for level 3 investments as set out in the accounting policies. The valuation techniques used and the inputs available to determine the fair value of each investment, are detailed in note 3. The inputs that are available to the Board to determine the valuation of the investments of the Company, are the NAVs of the Funds that represent its investments. The analysis below demonstrates the impact that a potential reasonable change in the level 3 unobservable input (i.e. the Funds' NAV) might have on the fair value and NAVPS of the Group and Company at 30 June 2023.

	Group and Company		Group	Company	Group and Company
At 30 June 2023			NAVPS		Fair value adjustment
Investments	R'000	% change	Rand	Rand	R'000
NAV:					
TRG AF VII	970,588	±10	±0.38	±0.36	±97,059
EMMF I	680,257	±10	±0.27	±0.25	±68,026
EDI	495,403	±10	±0.20	±0.19	±49,540
TRG AAiF I	227,214	±10	±0.09	±0.08	±22,721
EHP	128,983	±10	±0.05	±0.05	±12,898
EF VI	57,286	±10	±0.02	±0.02	±5,729
TRG MP3	25,453	±10	±0.01	±0.01	±2,545
EMMF I Direct	23,573	±10	±0.01	±0.01	±2,357
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

23 Financial risk factors and instruments (continued)

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

23.5.2 Underlying Portfolio Companies – valuation drivers

The categories of unlisted assets that are valued by the Investment Manager, based on different level 3 unobservable inputs and valuation methodologies, to derive the Funds' NAVs at 30 June 2023, are as follows:

		Group and Company	
Methodology	**Category**	**30 June 2023 R'000**	**30 June 2022 R'000**
Non-earnings based:			
Fair value – early-stage investment	Unlisted private equity	91,778	61,179
Fair value – par value plus coupon	Unlisted mezzanine	25,453	13,791
Fair value – tangible net asset value	Unlisted private equity	9,574	5,430
Earnings based:			
Fair value – earnings based	Unlisted private equity	1,912,572	1,797,280
		2,039,377	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 latest funding rounds, 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 30 June 2023, if all other inputs remain unchanged, and absent any changes in any other subjective inputs. Any upside change, from a certain level of equity value, will result in an increase in the equity component of the investment, whereas any downside change, would firstly reduce the equity component up to a nil value, and thereafter could result in the impairment of the outstanding principal and accrued interest.

	Group and Company	Group	Company	Group and Company
		NAVPS		
At 30 June 2023	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	–	–	–
		NAVPS		
At 30 June 2022	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	–	–	±923

23 Financial risk factors and instruments (continued)

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

23.5.2 Underlying Portfolio Companies – valuation drivers (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 NAV of the Fund.

	Group and Company	Group	Company	Group and Company
At 30 June 2023	**% change**	**NAVPS Rand**	**Rand**	**Fair value adjustment R'000**
Net asset value	±10	–	–	±957

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

Fair value – 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 TRG SA; 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.

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

The analysis below aims to demonstrate, where relevant, the impact that a potential change in a level 3 unobservable input (maintainable EBITDA, maintainable net debt or the EBITDA valuation multiple) might have on the aggregate fair value of the respective Fund categories and NAVPS of the Group and Company at 30 June 2023, 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 94), including the Co-Investments that are made alongside the Funds, reflecting the monitoring levels of the Board.

23 Financial risk factors and instruments (continued)

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

23.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Earnings based (continued)

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

	Group and Company		Group	Company	Group and Company
			NAVPS		Fair value adjustment
At 30 June 2023	**R'000**	**% change**	**Rand**	**Rand**	**R'000**
EF VI and relevant Co-Investments:					
Attributable EBITDA	44,000	±10	±0.12	±0.12	±31,140
Attributable Net debt	56,000	±10	∓0.01	∓0.01	∓1,300
Implied EBITDA valuation multiple	6.1x	±10	±0.12	±0.12	±31,140
TRG AF VII and relevant Co-Investments:					
Attributable EBITDA	91,000	±10	±0.39	±0.37	±98,600
Attributable Net debt	72,000	±10	∓0.03	∓0.03	∓8,700
Implied EBITDA valuation multiple	11.0x	±10	±0.39	±0.37	±98,600
EMMF I and relevant Co-Investments:					
Attributable EBITDA	118,000	±10	±0.34	±0.32	±85,840
Attributable Net debt	172,000	±10	∓0.07	∓0.07	∓17,500
Implied EBITDA valuation multiple	7.3x	±10	±0.34	±0.32	±85,840

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

23 Financial risk factors and instruments (continued)

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

23.5.2 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.

In addition to the Funds' analysis on the previous page, 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 shareholding in Primedia at 30 June 2023, if all other inputs remain unchanged.

	Group and Company		Group	Company	Group and Company
			NAVPS		
At 30 June 2023	**R'000**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:					
Attributable EBITDA	24,000	±10	±0.08	±0.07	±19,601
Attributable Net debt	85,000	±10	∓0.02	∓0.02	∓4,979
Investment EBITDA valuation multiple range	6.7x	±10	±0.08	±0.07	±19,601
			NAVPS		
At 30 June 2022	**R'000**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:					
Attributable EBITDA	21,000	±10	±0.07	±0.07	±17,959
Attributable Net debt	81,000	±10	∓0.02	∓0.02	∓5,261
Investment EBITDA valuation multiple range	7.2x	±10	±0.07	±0.07	±17,959

23 Financial risk factors and instruments (continued)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Board agrees and reviews the Company's policies for managing these risks.

23.6.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's unlisted investments are currently all held in ZAR denominated Funds. In turn, the majority (68%) of the Funds' investments and Co-Investments are ZAR denominated with the balance (32%) US$ denominated. The Portfolio Companies might operate in multi-currency jurisdictions and will manage their own currency risk, which could be through funding their debt in multiple currencies that match their operations or foreign exchange hedging policies, and therefore they could be exposed to more currencies than ZAR and US$. The Board actively monitors the Group's currency exposure and will consider hedging strategies if required and as appropriate. In addition, relatively small amounts of cash and cash equivalents are held in US$ to fund operating expenses, which will not be materially impacted by changes in foreign exchange rates. All other financial assets and liabilities are ZAR denominated.

The table below demonstrates the implied sensitivity in the fair value at 30 June 2023 of the non-ZAR denominated unlisted Portfolio Companies held at 30 June 2023 based on assumed changes to the US$:ZAR exchange rate (18.8355 at 30 June 2023).

		Group	Company	Group and Company
At 30 June 2023		**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
US$:ZAR Change %:	**US$:ZAR Implied rate:**			
+5.0	19.7773	0.17	0.16	42,801
+10.0	20.7191	0.34	0.32	85,602
-5.0	17.8937	(0.17)	(0.16)	(42,801)
-10.0	16.9520	(0.34)	(0.32)	(85,602)
At 30 June 2022		**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
US$:ZAR Change %:	**US$:ZAR Implied rate:**			
+5.0	14.986	0.15	0.14	38,958
+10.0	15.700	0.30	0.29	77,915
-5.0	13.559	(0.15)	(0.14)	(38,958)
-10.0	12.845	(0.30)	(0.29)	(77,915)

Any changes in the US$:ZAR or any other exchange rates, might also have an impact on the underlying valuation inputs and subjective considerations in determining the valuation of the Portfolio Companies (e.g. maintainable EBITDA and net debt) that make up the NAV of the Funds and therefore the Board believes it is not reasonable, and potentially misleading, for it to accurately determine and present to the shareholders of the Group the sensitivity analysis of the potential impact on changes to foreign exchange rates. Therefore, shareholders need to be careful when considering the indicative fair value adjustments.

23 Financial risk factors and instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate based on changes in market interest rates. The Group has exposure to interest rate risk through its Temporary Investments (money market investments) that are typically invested in fixed rate instruments and floating rate notes, with a relatively short repricing period, and cash and cash equivalents and bank loans. The fair value of the money market instruments is largely dependent on the market interest rates could fluctuate with changes in the latter.

The performance, maturity profile and sensitivity analysis of Temporary Investments, when relevant, are reviewed regularly and Ashburton aims to match the liquidity profile with the Group's liquidity requirements to optimise the returns. The Temporary Investments are managed by Ashburton under an investment management agreement that sets certain permitted securities and limits within which they have to manage the portfolio to provide a balance of risk and returns that the Board is comfortable with.

The balance of Temporary Investments was Rnil at 30 June 2023 (2022: Rnil) and cash and cash equivalents was invested in cash and call accounts that earn interest at a variable rate and therefore no sensitivity in the fair value was performed at 30 June 2023.

In addition, the Group has exposure to bank loans, expiring on 12 February 2025. Interest accrues at a rate that is based on JIBAR plus a margin of 4.0% and 3.75% respectively.

The table below demonstrates the implied sensitivity in annual finance costs of the Group and Company based on assumed changes to the JIBAR rate (8.5% at 30 June 2023) and assuming the level of borrowings at 30 June 2023 remained unchanged for a year. Given the current relative low and changeable level of cash and cash equivalents held, a sensitivity analysis on interest income is not deemed to be sensible.

		Group	Company	Group	Company
JIBAR		Per share impact Rand	Rand	Change in finance costs R'000	R'000
%					
±1.0	9.5000	±0.02	±0.01	±5,265	±3,400
±2.0	10.5000	±0.04	±0.03	±10,530	±6,800
±3.0	11.5000	±0.06	±0.04	±15,795	±10,200

In respect of the interest rate benchmark reform, the Board believes that any potential change in the JIBAR-based interest payable on the loan facilities, will likely not have a material impact on the Group or Company.

23 Financial risk factors and instruments (continued)

23.6 Market risk (continued)

23.6.3 Equity price risk

The Group is indirectly exposed to equity price risk through the valuation of the underlying portfolio investments held by its investments in Funds. The fair value of these companies is largely derived from comparable market ratings, which are derived from public companies' quoted market prices and earnings. The underlying Portfolio Companies are valued quarterly and the Board has access to the valuation information to monitor and review the fair value of the investments and consider any impairments where appropriate – also refer to note 23.4.

The table below illustrates the sensitivity in the fair value of the unlisted investments held at 30 June 2023 based on fluctuations in the price of its unlisted investments.

	Group	**Company**	**Group and Company**
At 30 June 2023	**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
Change in equity prices assumed			
+10%	1.06	1.01	268,808
-10%	(1.06)	(1.01)	(268,808)
At 30 June 2022	**Per share impact Rand**	**Rand**	**Fair value adjustment R'000**
Change in equity prices assumed			
+10%	1.03	0.98	265,056
-10%	(1.03)	(0.98)	(265,056)

23 Financial risk factors and instruments (continued)

23.7 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets that expose the Group to credit risk consist of unlisted investments, money market investments (Temporary Investments), cash and cash equivalents and other assets and receivables. The Group's credit risk is limited to the carrying amount of these financial assets at the reporting date.

The Group believes that, through investing in Funds and Co-Investments managed by an experienced Investment Advisor with a proven track record, given the diverse number of Portfolio Companies each Fund invests in and by managing concentration risk in its portfolio, the risk is reduced. In addition, the Group has an Investment Committee with experienced members who enforce rigorous assessment, review and due diligence with each investment decision. The Board receives regular updates from the Investment Advisor to enable it to monitor the performance of the underlying investments. No collateral is taken against the credit risk exposures of the unlisted investments.

Other assets and receivables largely consist of prepayments, income tax receivable and balances that are receivable from the Funds with limited risk of a credit loss. At year-end, no balances were overdue or impaired and the majority of the balances have been settled or utilised post year-end.

Furthermore, the Group's Temporary Investments are managed by Ashburton, which is mandated to invest in treasury bills issued by the government of the Republic of South Africa as well as short-term paper issued by the big four South African banks and the investment management agreement has certain restrictions and limits, set by the Board, to manage the Group's credit risk exposure. Cash and cash equivalents are held with FirstRand Bank Limited (South Africa) and Investec Mauritius, which are reputable counterparties.

The below analysis sets out the Group's assessment of its aggregate credit risk for the current financial assets, which is considered in relation to assets that can be assessed based on available market ratings or where no ratings are available. Based on the analysis, no provision has been made for any credit losses.

		Group		Company	
At 30 June 2023	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	5,394	–	5,392
Income tax receivable	Low	–	3,396	–	3,396
Cash and cash equivalents	Low	11,236	–	10,777	–
At 30 June 2022	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	10,876	–	10,874
Income tax receivable	Low	–	3,318	–	3,318
Cash and cash equivalents	Low	3,117	–	2,651	–

23 Financial risk factors and instruments (continued)

23.8 Liquidity risk

This risk occurs when the Group is unable to meet its short-term obligations, largely due to its inability to convert its financial assets into cash and cash equivalents. The Group's strategy is to make long-term commitments into Fund Limited Partnerships that invest in unlisted Portfolio Companies, which are not as readily realisable as quoted investments. At times, the Group follows an "over-commitment" strategy in respect of the allocation of capital with the aim of optimising the NAVPS returns by using appropriate levels of long-term facilities. The Group might struggle to generate liquidity on short notice and the Board therefore regularly monitors its forecasts, cash flows, commitment levels and available liquidity resources, the latter consisting of Temporary Investments that are tradeable on short notice in active markets and cash and cash equivalents.

The below analysis sets out the maturity profile of the Group's financial assets and financial liabilities.

	Group			Company		
At 30 June 2023	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**
Unlisted investments at fair value	–	–	2,688,078	–	–	2,688,078
Other assets and receivables	5,394	–	–	5,392	–	–
Income tax receivable	–	3,396	–	–	3,396	–
Cash and cash equivalents	11,236	–	–	10,777	–	–
Borrowings	–	–	526,473	–	–	340,000
Other liabilities and payables	9,512	–	–	9,512	–	–

At 30 June 2022	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**	**0 - 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**
Unlisted investments at fair value	–	–	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	–	–
Borrowings	–	–	460,485	–	–	292,235
Other liabilities and payables	20,462	–	–	20,462	–	–

The Group increased its committed amount of the revolving facility to R450 million in November 2021 (with a further uncommitted level of R250 million) and reset the total asset-based covenant levels at that time. The current required total asset cover ratio is 3.75x, with the Group having an actual ratio at 30 June 2023 of 4.9x. Based on its liquidity forecast no covenant breaches are expected in the foreseeable future.

The Board believes that the Group has adequate resources and/or options available to them to settle its short and long-term obligations as and when they become due and it is expected to settle the long-term borrowings from the realisation proceeds of its investments. However, due to the difficulty in assessing the timing and quantum of such realisation proceeds, the gross value of proceeds and/or the repayment amount of the borrowings can not be reasonably determined. Given the short-term nature of the other financial assets and liabilities, the impact of discounting is not significant.

24 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2023.

25 Directors' interests

The table below sets out the beneficial interests in the share capital of the Company directly or indirectly held by Directors at 30 June:

	A Ordinary Shares			
Company	**30 June 2023 Number**	**30 June 2023 %**	**30 June 2022 Number**	**30 June 2022 %**
Direct beneficial				
Yvonne Stillhart	966,725	0.34	966,725	0.34
Indirect beneficial via associates				
Derek Prout-Jones[(1)]	7,945,964	2.76	7,945,964	2.76
Michael Pfaff[(1)]	12,927,697	4.50	11,417,270	3.97
	21,840,836	7.60	20,329,959	7.07

[(1)] *Including 6,750,000 shares held through Black Hawk that are pledged as security against a guarantee as set out in notes 8, 10 and 18.*

There have been no changes to the beneficial interests since 30 June 2023 to the approval date of these Annual Financial Statements.

26 Shareholdings

The analysis of public and non-public shareholders, and significant shareholdings in the Company at 30 June are as follows:

	A Ordinary Shares			
	30 June 2023 Number	**30 June 2023 % of total**	**30 June 2022 Number**	**30 June 2022 % of total**
Public shareholders	248,547,851	86.45	246,573,141	85.77
Non-public shareholders	38,952,149	13.55	40,926,859	14.23
Directors	21,840,386	7.60	20,329,959	7.07
CEO	2,466,923	0.86	1,551,650	0.54
CFO	650,000	0.22	500,000	0.17
EPE Trust	7,500,000	2.61	7,500,000	2.61
TRG SA and Associates[(1)]	6,494,840	2.26	11,045,250	3.81
	287,500,000	100.00	287,500,000	100.00

	Shareholders of A Ordinary Shares			
	30 June 2023 Number	**30 June 2023 % of total**	**30 June 2022 Number**	**30 June 2022 % of total**
Public shareholders	1,906	98.54	1,669	99.46
Non-public shareholders	29	1.46	9	0.54
Directors	4	0.21	4	0.24
CEO	1	0.05	1	0.06
CFO	1	0.05	1	0.06
EPE Trust	1	0.05	1	0.05
TRG SA and Associates[(1)]	22	1.10	2	0.13
	1,935	100.00	1,678	100.00

Shareholders with a shareholding of more than 5%:				
A Ordinary Shares				
Consolidated Retirement Fund	26,666,666	9.28	26,666,666	9.28
Government Employees Pension Fund	14,981,623	5.21	14,436,540	5.02
B Ordinary Shares				
EPE Trust	10,000	100.00	10,000	100.00

[(1)] *Post the completion of the merger between Ethos and TRG, all Ethos Capital shares previously held by Ethos were unbundled to its shareholders, including RHI Investment Managers and Royal Investment Managers; both holdings were excluded from the 30 June 2023 holdings.*

SPREAD OF SHAREHOLDERS

The analysis of the spread of the shareholders' size of their respective shareholdings by the number of shareholders and number of A Ordinary shares at 30 June 2023 is as follows:

Company	Number of shareholders 30 June 2023	% of shareholders 30 June 2023	Number of A Ordinary Shares 30 June 2023	% of total A Ordinary Shares 30 June 2023
Shareholder spread				
1 – 50,000 shares	1,675	86.56%	8,115,145	2.82%
50,001 – 500,000 shares	177	9.15%	29,306,655	10.19%
500,001 – 1,000,000 shares	35	1.81%	25,611,890	8.91%
1,000,001 – 5,000,000 shares	35	1.81%	75,345,961	26.21%
5,000,001 – 10,000,000 shares	6	0.31%	43,097,060	14.99%
More than 10,000,000 shares	7	0.36%	106,023,289	36.88%
	1,935	100.00%	287,500,000	100.00%

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)

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Ebene
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19 Cybercity
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JSE code: EPE
Sector: Financials – Closed End Investments

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REGISTRATION NUMBER: C138883 C1/GBL ISIN: MU0522S00005 SHARE CODE: EPE

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