

EPE CAPITAL PARTNERS LTD
INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL
ISIN: MU0522500005
SHARE CODE: EPE
("ETHOS CAPITAL" OR "THE COMPANY" OR "THE GROUP")

ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

INTRODUCTION

EPE Capital Partners Ltd is an investment company, registered and incorporated in Mauritius as a public company and is listed on the Johannesburg Stock Exchange ("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").

The Group refers to the consolidated results of the Company and its controlled entity. The Group's performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS").

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

THE ADVISOR: TRG SA

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

RESULTS ANNOUNCEMENT

Key highlights over the year

- 14% NAV growth in underlying Funds and Co-investments despite difficult operating conditions and currency volatility
- 14% growth in attributable EBITDA of the unlisted portfolio
- Strong operational improvement in Brait's portfolio companies, listing of Premier Foods raised R4bn to repay the Brait RCF
- Realisation proceeds of R268 million, including partial sale of Optasia with its MOIC increasing to 3.1x at 30 June 2023
- Continued demonstration of exiting investments at a premium to NAV
- Marginal increase in NAVPS of R8.56 (valuing Brait at its share price), slight decrease to R10.42 (valuing Brait at its fully diluted NAVPS)
- Carrying value of invested capital at R2.7 billion with exposure to 22 Portfolio Companies
- Ongoing focus on maximising and realising value for investors

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.

The diversified nature of Ethos Capital's 22 underlying Portfolio Companies helped weather the storm to a certain extent. The unlisted portfolio performed strongly despite the economic headwinds, achieving NAV growth of 14% over the year. The underlying LTM revenue and EBITDA growth of the unlisted portfolio was 19% and 14% respectively, on the back of structural and strategic changes within many of the Portfolio Companies.

Unfortunately, despite the transformational year for Brait with the listing of Premier and full repayment of its R3 billion revolving credit facility that will drive the final value unlock in the portfolio, the Brait share

price fell 20% over the year. The prices of the Brait exchangeable bonds and MTN Zakhele Futhi decreased by 15% and 18% respectively, resulting in an overall decrease in the listed portfolio of 19% over the year.

In December 2022, Optasia concluded a transaction whereby a consortium acquired a 20.0% stake in Optasia. The acquisition multiple was at a 22% premium to the 30 June 2022 valuation resulting in an increase in the Multiple on Invested Cost ("MOIC") on the investment at 30 June 2023 to 3.1x.

In aggregate, Ethos Capital received gross proceeds of R268 million during the year from the Funds, including proceeds from the sale by the Crossfin Group of its stake in Retail Capital to TymeBank, which was concluded at a significant premium to pre-sale carrying value. During the year, Ethos Capital invested R184 million through its Fund participations into underlying Portfolio Companies, including a new investment into the E4 Group, a leading software-as-a-service provider that offers digitised mortgage solutions to banks and legal firms.

Overall, Ethos Capital's NAVPS (including Brait at its share price) increased slightly to R8.56 (30 June 2022: R8.49).

The Ethos Capital NAVPS (including Brait at its fully diluted NAVPS, that decreased by 11% over the year) decreased by c.2% from R10.66 to R10.42.

FINANCIAL POSITION AND INVESTMENT PORTFOLIO

EXTRACT OF STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	R'million	R'million	R'million	R'million
ASSETS				
Non-current assets				
Unlisted investments at fair value	2,688.1	2,650.6	2,688.1	2,650.6
Current assets	20.0	17.3	19.6	16.8
Trade and other receivables	8.8	14.2	8.8	14.2
Cash and cash equivalents	11.2	3.1	10.8	2.6
TOTAL ASSETS	2,708.1	2,667.9	2,707.7	2,667.4
EQUITY AND LIABILITIES				
Total Ordinary shareholders' equity	2,172.1	2,187.0	2,358.1	2,354.7
Non-current liabilities	526.5	460.5	340.0	292.2
Current liabilities	9.5	20.4	9.5	20.5

Total Liabilities	536.0	480.9	349.5	312.7
TOTAL EQUITY AND LIABILITIES	2,708.1	2,667.9	2,707.6	2,667.4
NET ASSET VALUE	2,172.1	2,187.0	2,358.1	2,354.7
Basic Net Asset Value per share (Rand)	8.56	8.49	8.82	8.69
Diluted Net Asset Value per share (Rand)	8.47	8.49	8.73	8.69

INVESTMENT PORTFOLIO - AT 30 JUNE 2023

Name	Valuation R'million	% of total assets
Primary/Secondary Investments		
TRG Africa Fund VII	970.6	35.9
Ethos Mid Market Fund I	680.3	25.1
TRG Africa Ai Fund I	227.2	8.4
Ethos Healthcare Platform	129.0	4.8
Ethos Fund VI	57.3	2.1
TRG Mezzanine Partners 3	25.4	0.9
Co-Investments		
Brait	241.8	8.9
Brait EB	160.4	5.9
Optasia	93.2	3.5
Primedia	79.3	2.9
Kevro	23.6	0.9
	2,688.1	99.3

TOP 10 UNDERLYING PORTFOLIO COMPANIES - AT 30 JUNE 2023

Name	Business description	Year	% of Total assets
Optasia	FinTech service provider	2018	30.7
Virgin Active (Brait)	Health club operator	2020	10.2
Synerlytic	Specialised analytical and testing services	2019	7.5
Vertice	MedTech	2018	6.2
Crossfin	FinTech group	2021	6.1
Echo	Corporate ISP	2018	5.9
Gammatek	TMT accessory distribution	2018	5.1

Premier (Brait)	FMCG manufacturer	2020	4.1
TymeBank	Banking	2019	3.4
Primedia	Media	2017	3.1
			82.3
Brait EB	Exchangeable bonds	2021	7.1
Other (12 Portfolio Companies)			9.9
Total underlying investments			99.3

AVAILABILITY OF RESULTS

The audited Annual Financial Statements, alongside the Integrated Annual Report, are available from today at the below JSE cloudlink,

<https://senspdf.jse.co.za/documents/2023/JSE/ISSE/EPEE/EPECAP0623.pdf>

and both are published on the Company's website at,

<https://ethoscapital.mu/investors/reports-results/>

Deloitte & Touche, the Group's independent auditor, has audited the Consolidated and Company Annual Financial Statements and has expressed an unmodified audit opinion thereon.

The results announcement does not provide full or all of the details and therefore any investment decision should be based on a consideration of the Annual Financial Statements as a whole, which is available for viewing from today at the links as set out above.

PRESENTATION

Ethos Capital will host a webcast presentation at 12h00 pm on Wednesday 27 September 2023 covering the results relating to the year ended 30 June 2023, and outlook. A copy of the presentation will be available for download on the Company's website at <https://ethoscapital.mu/investors/reports-results/>

Participants can obtain access via one of the following link:

<https://www.diamondpass.net/7416851>

CORPORATE INFORMATION

Directors

Yvonne Stillhart (Chairperson)

Derek Prout-Jones

Kevin Allagapen

Michael Pfaff

Yuvraj Juwaheer

Senior Advisors (Officers)

Jean-Pierre van Onselen (CFO)

Peter Hayward-Butt (CEO)

Investment Advisor

Rohatyn Management South Africa (Pty) Ltd

Rosebank Towers

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Office Level 3

Rosebank

2196

Company Secretary and Registered Office

Ocorian

6th Floor, Tower A,

1 Cybercity

Ebene

Mauritius

Auditors

Deloitte

Level 7, Standard Chartered Tower

19 Cybercity

Ebene

Mauritius

Deloitte & Touche

5 Magwa Crescent

Waterfall City

Johannesburg, 2090

Listing

JSE Limited

Abbreviated name: ETHOSCAP

JSE code: EPE

Sector: Financials - Closed End Investments

Transfer Secretary

Computershare Investor Services Proprietary Limited

15 Biermann Avenue

Rosebank, 2196

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

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Sandton, 2196

Disclaimer

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

Ebene, Mauritius (with simultaneous circulation in Johannesburg)

27 September 2023

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)