23

FINANCIAL RESULTS

for the six months ended 31 December 2023

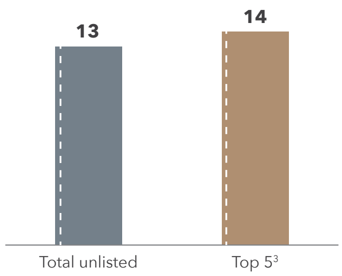
ETHOS CAPITAL

FINANCIAL AND OPERATIONAL HIGHLIGHTS

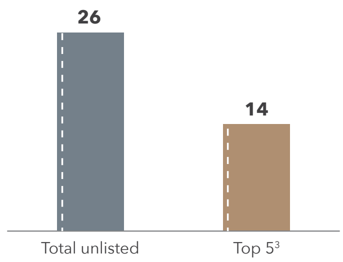
R2.4 billion carrying value of invested capital and NAVPS of R9.89 (Brait at fully diluted NAVPS) and R7.31 (Brait at share price)

Well diversified portfolio of 22 Portfolio Companies; unlisted portfolio at an EV/EBITDA valuation multiple of 7.7x.

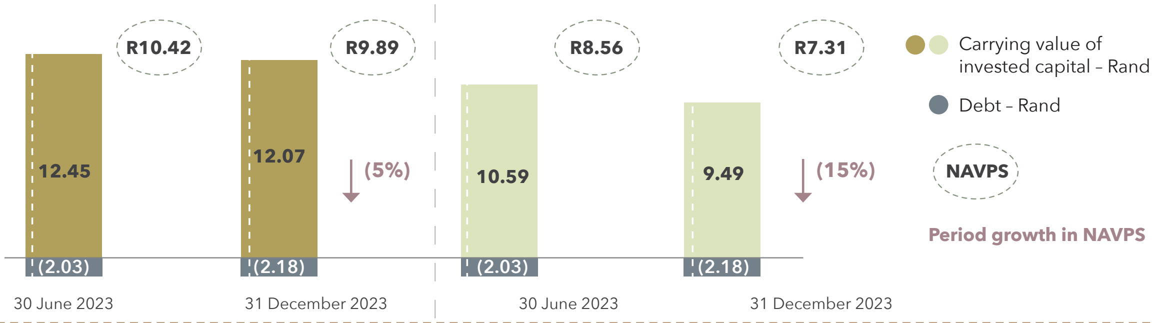
Reported LTM attributable revenue growth[1] of unlisted portfolio[2] – %



Reported LTM attributable EBITDA growth[1] of unlisted portfolio[2] – %

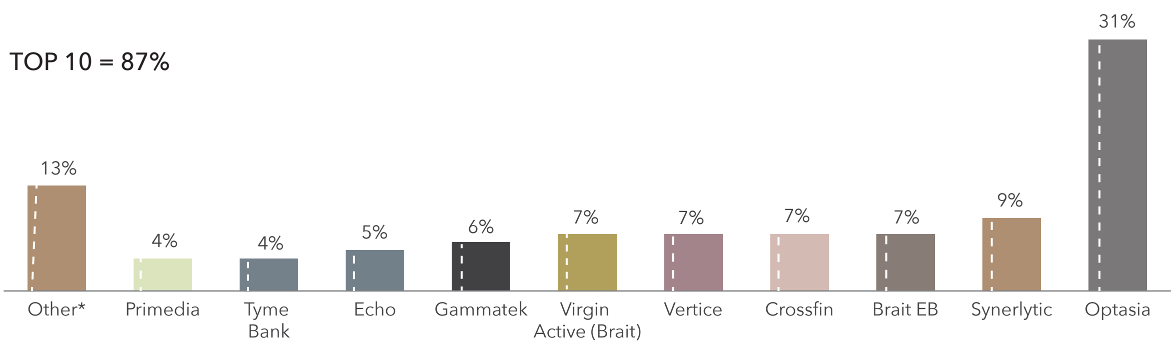


[1] *On an aggregate basis*
[2] *Companies that were valued on an earnings/revenue basis.*
[3] *60% of total assets.*



TOTAL ASSETS CONTRIBUTION – R2.4 BILLION

TOP 10 = 87%



[4] *Including 13 Portfolio Companies and current assets.*

INTRODUCTION AND OVERVIEW

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 ("JSE"). It invests directly into Funds or Co-Investments that are actively managed by Rohatyn Management South Africa (Pty) Limited ("TRG SA"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies"). In addition, TRG SA acts as the Company's Investment Advisor.

Due to the nature of the business conducted by the Group, the Group's performance is largely measured by growth in the net asset value ("NAV") and NAV per share ("NAVPS") and NAVPS has been adopted as the relevant measure for trading statement and results announcement purposes. This approach has been approved by the JSE.

The Group refers to the consolidated results of the Company and its controlled entity.

Overview

Whilst the global economy has seen a recovery from the impacts of geopolitical tensions, high inflation and interest rates, sentiment towards the South African market has remained weak due to the effects of loadshedding, slow economic growth and critically poor investor sentiment, particularly in the small cap sector of the market. The majority of Ethos Capital's Portfolio Companies demonstrated significant growth in profitability with attributable EBITDA increasing by 26% over the period, however the decrease in the value of its listed investments (Brait and MTN Zakhele Futhi) resulted in a decrease in the Company's NAV.

Ethos Capital's NAVPS (including Brait at its share price) decreased by c.15% to R7.31 (30 June 2023: R8.56). The equivalent Ethos Capital NAVPS (including Brait at its fully diluted NAVPS) decreased by c.5% from R10.42 to R9.89.

The value of the unlisted portfolio was slightly down (3%) over the six-month period, with positive returns from Synerlytic, Crossfin, Gammatek and TymeBank and Twinsaver offset by devaluations in Echo, Kevro and Optasia (which was impacted by the significant devaluation in the Nigerian Naira ("NGN")).

Despite the challenging economy, the unlisted Portfolio Companies grew reported last-twelve-months ("LTM") revenues and EBITDA by 13% and 26% respectively, with the top five unlisted investments growing both their LTM revenue and LTM EBITDA by 14%. The portfolio benefitted from a significant turnaround on a number of underperforming assets.

Optasia continued its strong growth trajectory in local currency with its airtime credit services ("ACS") revenues growing by 19% in local currency and micro financial services ("MFS") achieving growth of 73%. However, the company was significantly impacted by currency devaluations across some of its key territories, and in particular Nigeria, which resulted in a flat LTM EBITDA performance in US$. In addition, based on the continued devaluation in the NGN post 31 December 2023, a normalisation adjustment was made that resulted in a lower maintainable EBITDA which resulted in a 9% reduction in the valuation of Optasia.

Brait had a transformational year with the listing of Premier which resulted in the full repayment of Brait's R3 billion revolving credit facility which leaves the business in a significantly healthier position to drive the final value unlock in the portfolio. However, the Brait ordinary share price fell 43% over the period, whilst the Brait exchangeable bonds and MTN Zakhele Futhi decreased by 6% and 11% respectively. This had a cumulative impact of R0.77 per share on the Ethos Capital NAVPS.

As the Company announced in November 2023, post an engagement with its shareholders, the Board of Ethos Capital has revised the Company's strategy to focus on the monetisation of the asset base and a return of capital to shareholders. The Board will continue to evaluate alternatives to optimise shareholder returns in line with this strategy.

CHIEF EXECUTIVE'S REPORT

The revised strategy is focused on maximising value from the portfolio and returning value to shareholders in the optimal manner.

Peter Hayward-Butt
Chief Executive Officer

Review of the period

The past year has seen the global economy begin its recovery from the effects of the Ukrainian crisis, broad-based global inflation impacting consumer sentiment, higher global interest rates and slowing economic growth. Market conditions globally showed significant improvement and the outlook, despite the effects of the continuing global conflict, is more constructive than the last few years. Whilst global mergers and acquisitions ("M&A") and new listings have remained at multi-year lows, recent corporate activity shows signs of improvement. Unfortunately, this has not translated into growth or improved sentiment in the South African economy which remains constrained by the lack of urgency by government in instituting transformational economic and infrastructure policies, under pressure consumers that are increasingly and decade-low levels of producer confidence.

The non-Brait assets in the Ethos Capital portfolio delivered a return of 3.0% over the LTM with broad EBITDA growth across the portfolio (26%) being offset by lower valuation multiples as the SA market (particularly in the small cap space) remained out of favour with investors. 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 which leaves the company in a significantly healthier financial position to drive the final value unlock of the portfolio. However, this has not reflected in the Brait share price which fell 53% over the last twelve months.

Ethos Capital's unlisted portfolio was broadly flat (-3%) over the six-month period driven by positive returns delivered by Synerlytic, Crossfin, Gammatek and TymeBank that compensated for valuation reductions in Optasia, (which was impacted by foreign exchange devaluation) and Echo and Kevro. The listed assets (Brait ordinary shares, Brait exchangeable bonds and MTN Zakhele Futhi shares) achieved a negative return, driven by price decreases of 43%, 6% and 11% respectively. This resulted in Ethos Capital's NAVPS (including Brait at its share price) decreasing from R8.56 to R7.31 over the six-month period. The Ethos Capital NAVPS (including Brait at its fully diluted NAVPS) decreased from R10.42 (30 June 2023) to R9.89, with Brait's fully diluted NAVPS decreasing by 2% from March 2023 to September 2023.

High interest rate environments and lower economic growth and business/consumer sentiment are not conducive to driving an exit program for the portfolio. However, despite this, TRG's Funds exited (realised or signed transactions awaiting to be completed) five assets over the past 24 months at premiums to the prevailing NAV of these assets. 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.

Despite the global downturn in initial public offerings ("IPOs"), Brait managed to complete the successful listing of Premier on the JSE and the share price has since increased by 17% over the listing price.

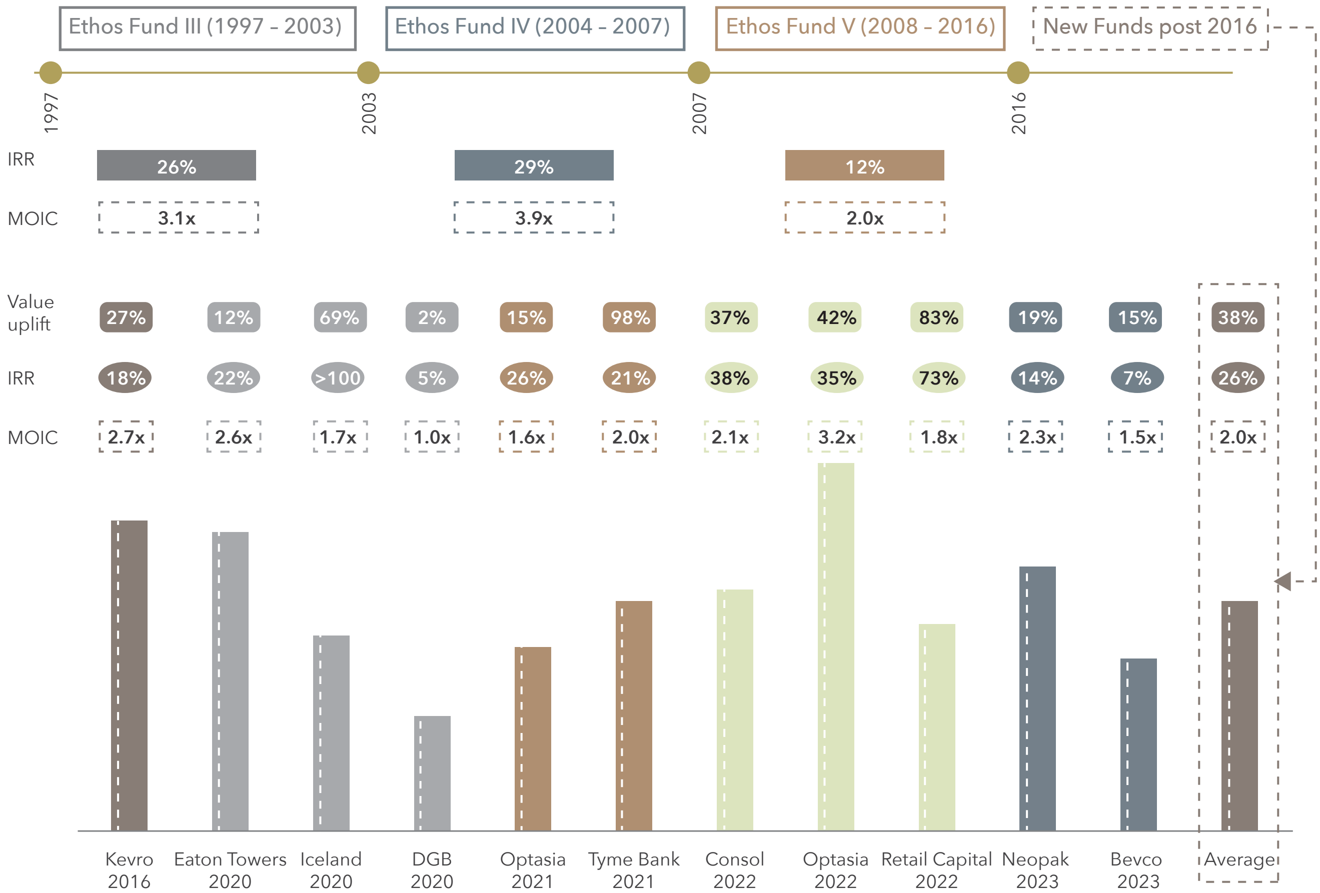
Since Ethos Capital's listing in 2016, Ethos has achieved average realised returns of 26% per annum with an average MOIC of 2.0x on the assets it has monetised.

IRR[1] returns

	Fund and Co-Invest-ments %	Brait (at share price) %
1-yr	3.0	(37.6)
3-yr	14.8	(16.0)
5-yr/Since inception	6.2	(26.4)[2]

[1] *Internal rate of return*
[2] *Since inception at February 2020*

Realised returns from exited Ethos Funds (in ZAR)

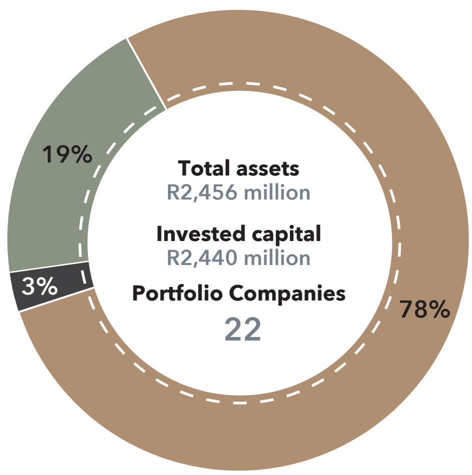


[4] *Partial realisation for Ethos (2022) and for Ethos Capital only (2021)*
[5] *Capital raising event*

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

The Board of Ethos Capital undertook a strategic review of the options available to the Company during 2023. This culminated in engagements with the largest shareholders through confidential meetings in late 2023. The Board welcomes the feedback received from shareholders during these engagements. After extensive deliberations and having regard to the feedback received, the Board believes that Ethos Capital should focus on realising value from its existing 22 Portfolio Companies, with no new fund commitments or investments to be made. The strategy aims to maximise value for all shareholders from realisations and consequently, to return capital to shareholders through a combination of dividend distributions and potential buybacks of the Company's shares, where they trade at a significant discount to the NAVPS, subject to debt levels at the relevant time.

The Board is assessing all options to optimise the asset realisation program. Given many of the Company's investments are held indirectly through Limited Partner stakes in the underlying TRG funds, the exit of a large portion of the asset base will be determined by the timelines of these Funds. The Board remains focused on maximising the outcome for shareholders.

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 31 December 2023, Ethos Capital had undrawn commitments of c.R9 million (c.R8 million after the provisioning by the Fund's General Partner for future expenses and quarterly fees that will be drawn over a number of years ("GP provision")) to EF VI that are available to be drawn for any future investments, fees and expenses.

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 its most recent investment, E4, a software as a service company which the Fund acquired in April 2023.

The Fund's investment period is now complete and Ethos Capital has undrawn commitments of c.R129 million (c.R57 million after the GP's provision) to EMMF I to be drawn for future investments, fees 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 R24.7 million exposure to EMP3 through its participation in Chibuku and has no outstanding commitments to the Fund.

TRG African Artificial Intelligence Fund I

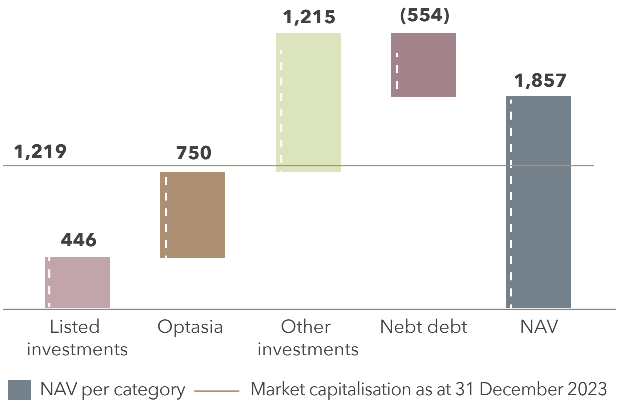
Renamed to TRG Africa Artificial Intelligence Fund I ("TRG AAiF I", previously Ethos Ai Fund I) was established as a Co-Investment vehicle to invest alongside other TRG SA Funds in businesses that will benefit from the adoption and implementation of algorithmic decision making. The Fund has four investments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

Ethos Capital has committed R150 million and has outstanding commitments to the Fund of c.R35 million (c.R21 million after the GP's provision) at 31 December 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 R102 million into the platform to date.

NAV – R'million



As at 31 December 2023, the implied EV/maintainable EBITDA multiple of the unlisted portfolio that is valued on an earnings-based methodology, was 7.7x with an implied price earnings ratio ("PER") of 12.4x. Excluding Optasia, the EV/maintainable EBITDA multiple is 6.4x with a PER of 10.9x.

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.

The revised strategy is focused on maximising value from the portfolio and returning value to shareholders in the optimal manner.

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 1.8x. The RMB facility has covenants and matures in February 2025. Ethos Capital is currently in compliance with its covenants.

It is the intention of the Group to refinance both the facilities before their expiry dates of 12 February 2025 and extend their maturity dates.

Peter Hayward-Butt
Chief Executive Officer

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).

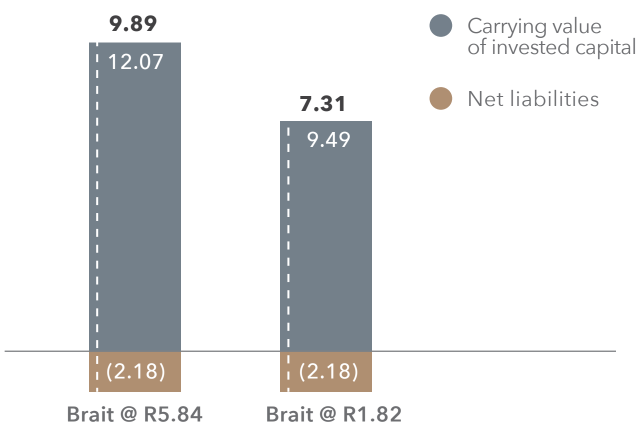
The Ethos Capital Group's NAVPS, based on Brait's share price, decreased by 15% over the six-month period to R7.31 (30 June 2023: R8.56). The decrease was largely attributable to the listed portfolio that was down 30% over the period, driven by a devaluation of the prices of the Brait ordinary shares (43%), Brait exchangeable bonds (6%) and MTN Zakhele Futhi shares (11%). The Brait ordinary share price decreased from R3.22 (30 June 2023) to R1.82 at 31 December 2023.

The unlisted portfolio achieved a negative gross return (pre-expenses) of 3%, largely driven by the decrease in Optasia's valuation, resulting from a devaluation of the local foreign exchange rates in key geographies, and the strengthening of the ZAR against the US$ that impacted the ZAR valuation.

The corresponding 31 December 2023 Group NAVPS, based on Brait's last reported fully diluted NAVPS decreased by 5% to R9.89 (30 June 2023: R10.42). Brait's fully diluted NAVPS decreased by 2% from R5.93 (31 March 2023) to R5.84 (30 September 2023).

The Brait fully diluted NAVPS 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 31 DECEMBER 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 2023	**2,172,119**	**8.56**
Net return on Temporary Investments	409	–
Net return on investment portfolio – Unlisted	(58,509)	(0.23)
– Listed	(201,333)	(0.80)
Operating expenses	(4,734)	(0.02)
Finance costs	(33,853)	(0.13)
Fees paid to Ethos	(16,352)	(0.07)
Taxation	(769)	–
At 31 December 2023 (with Brait at share price)	**1,856,978**	**7.31**
Incremental Brait increase to NAVPS	652,893	2.58
At 31 December 2023 (with Brait at NAVPS)	**2,509,871**	**9.89**

The investment portfolio achieved a net loss of R259.8 million over the period resulting from: unrealised losses (net of coupon receipts on the Brait exchangeable bonds) from the devaluations in the prices of the listed assets of R195.4 million; unrealised losses (net of income distributions received) on the unlisted portfolio of R57.4 million; withholding tax on income distributions received of R0.8 million; and some Fund related expenses of R6.2 million, including finance charges on the EF VII facility.

Operating expenses totalled R4.7 million, about 0.2% of the Group's average NAV over the period. These expenses relate to Directors' remuneration (R2.4 million), auditors' fees, legal and professional expenses, listing-related expenses, insurance costs, and other general costs.

The fees paid to TRG SA acting as the Company's Investment Advisor and Investment Manager of the Funds and Co-Investments, totalled R16.3 million, equating to an implied annualised fee of less than 1.2% (including value added tax levied) of the average invested capital during the period.

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.

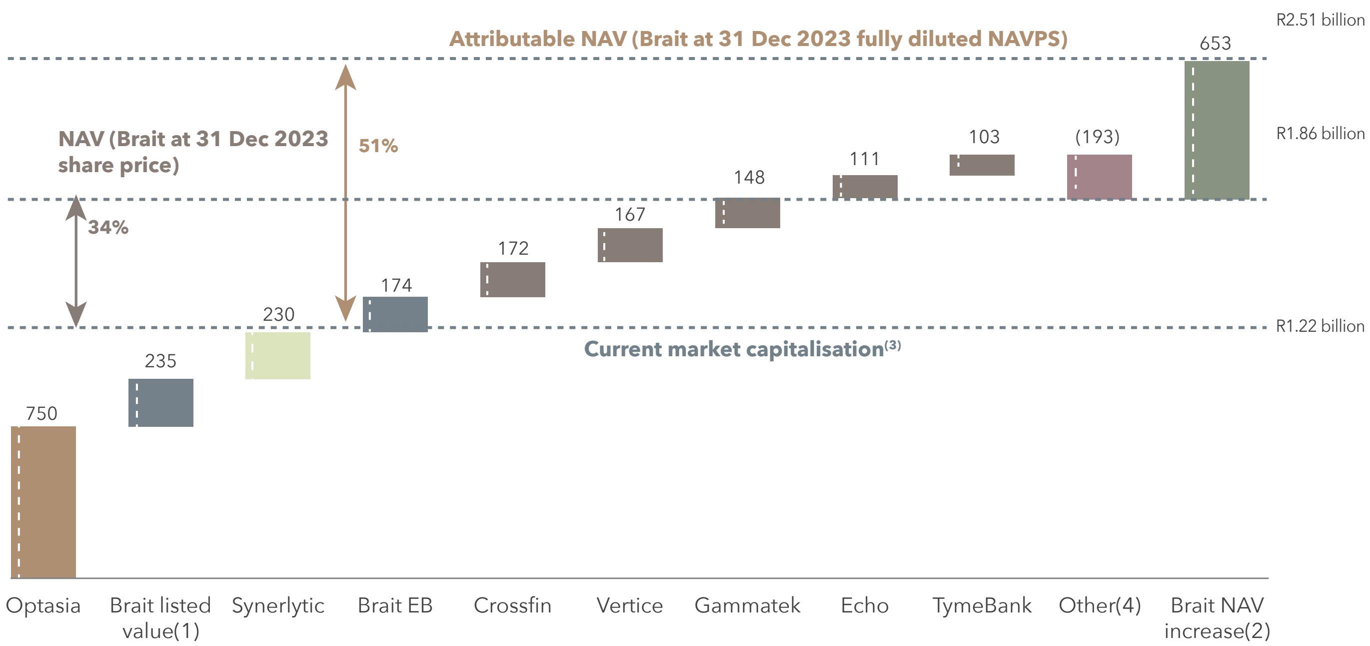
Taxation of R0.8 million related to a provision for the Mauritian income tax expense for the period.

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

Share price analysis

The Ethos Capital share price of R4.80 as at 31 December 2023 represented a 34% discount to the Group's 31 December 2023 basic NAVPS, and 51% compared to the Group's basic NAVPS that reflects the Brait investment at its last reported fully diluted NAVPS.

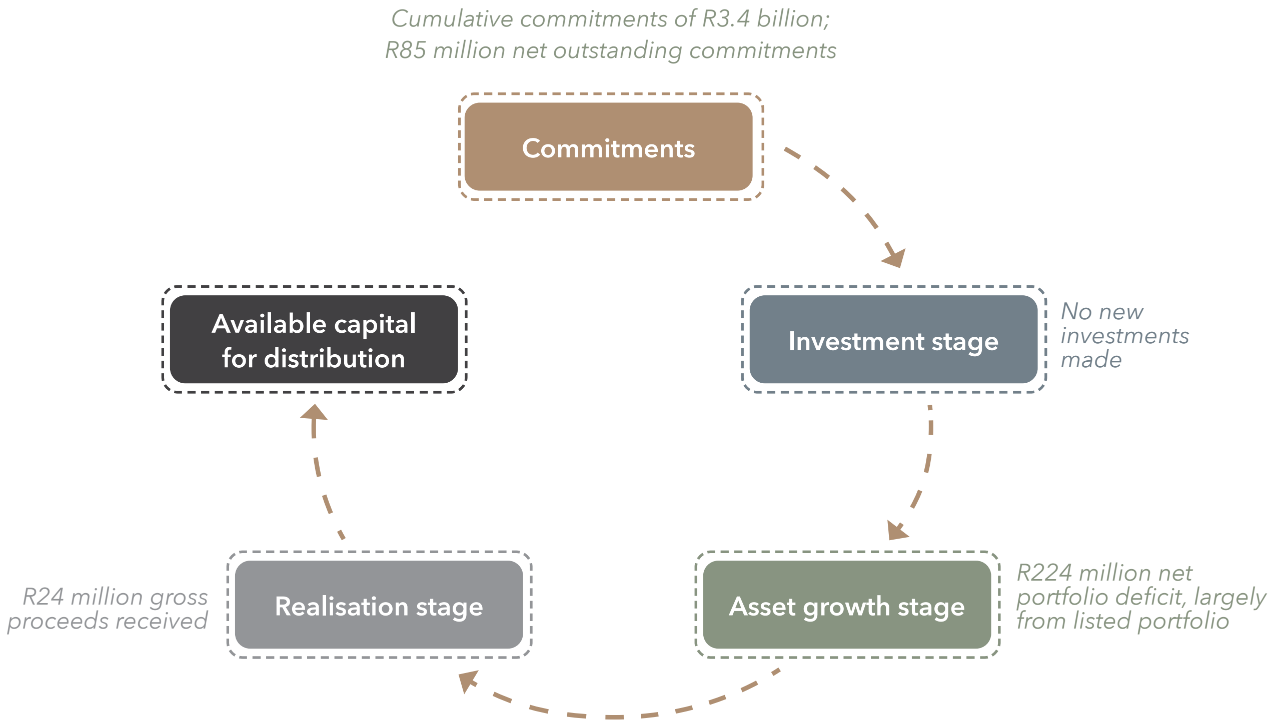
ATTRIBUTABLE NAV AND MARKET CAPITALISATION – R'million



(1) *Brait listed share price as at 31 December 2023 of R1.80*
(2) *Incremental value increase to Brait NAVPS as at 31 December 2023 of R5.84.*
(3) *Ethos Capital share price as at 31 December 2023 of R4.80.*
(4) *Including 10 other investments and liabilities.*

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 period at R3.4 billion at 31 December 2023, of which R173 million was undrawn as detailed below.

Both EMMF I and TRG AAiF I made their last investment during the prior financial 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 Ethos investors %	Commitment R'000	Undrawn R'000
EMMF I	2016	38-40	950,000	129,168
TRG AAiF I	2018	20	150,000	34,686
EF VI	2011	1-2	182,915	9,033
				172,887

Investments

Investment portfolio

At 31 December 2023, the investment portfolio of the Company consisted of the following investments, which amounted to 99.4% of the total assets:

Investment name	Participation in Ethos Funds/ Co-Investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
TRG AF VII	61	792,851	32.7
EMMF I	39	705,018	29.1
TRG AAiF I	20	233,012	9.6
EHP	13	127,938	5.3
EF VI	<2	63,098	2.6
TRG MP3	n/a	24,718	1.0
Co-Investments			
Brait EB[1]	6	150,180	6.2
Brait[1]	6	136,664	5.6
Optasia[1]	1	84,144	3.5
Primedia[2]	4	83,337	3.4
Kevro[3]	5	10,055	0.4
Total investments		**2,411,015**	**99.4**

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

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 six-month period to 31 December 2023, no new or further investments were made by the TRG SA Funds that Ethos Capital could participate in.

At 31 December 2023, the underlying investments consisted of the following 22 Portfolio Companies and the Brait exchangeable bonds investment:

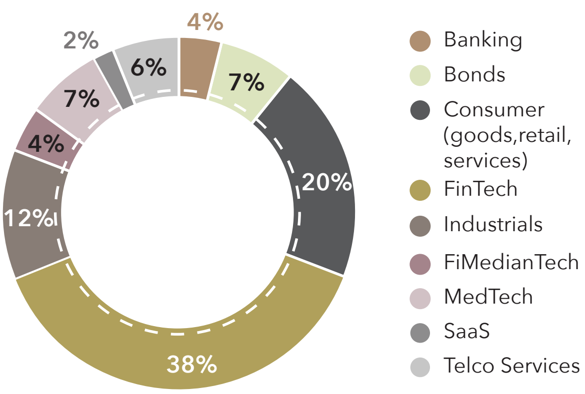
Name	Business description	Year*	% of total assets	Cumulative % of total assets
Optasia	FinTech service provider	2018	30.9	30.9
Synerlytic	Specialised analytical and testing services	2019	9.5	40.4
Brait EB	Exchangeable bonds	2021	7.2	47.6
Crossfin	FinTech group	2021	7.1	54.7
Vertice	MedTech	2018	6.9	61.6
Virgin Active (Brait)	Health club operator	2020	6.5	68.1
Gammatek	TMT accessory distribution	2018	6.1	72.2
Echo	Corporate ISP	2018	4.6	78.8
TymeBank	Banking	2019	4.3	83.1
Primedia	Media	2017	3.7	86.8
Premier (Brait)	FMCG manufacturer	2020	2.4	89.2
E4	Software as a Service	2023	2.3	91.5
MTN Zakhele Futhi	Telecommunications	2017	1.5	93.0
Twinsaver	Manufacturing (FMCG)	2015	1.1	94.1
Eazi Access	Industrial support services	2016	1.1	95.2
Chibuku	Brewing and distribution	2018	1.0	96.2
The Beverage Company	Carbonated drinks manufacturer	2017	0.9	97.1
Kevro	Corporate clothing and gifting	2017	0.8	97.9
New Look (Brait)	Multi-channel fast-fashion brand	2020	0.7	98.6
Neopak	Paper and packaging	2015	0.4	99.0
Waco International	Industrial support services	2012	0.2	99.2
RTT	Logistics	2014	0.2	99.4
Autozone	Automotive parts retailer & wholesaler	2014	–	99.4
			99.4	

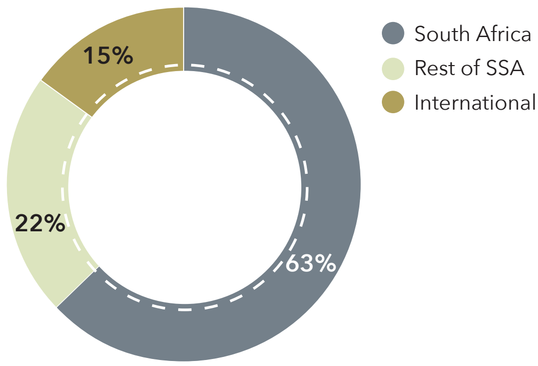
Asset growth

Portfolio Company performance

Ethos Capital's investment portfolio at 31 December 2023 has exposure to the Brait exchangeable bonds and 22 Portfolio Companies that in aggregate (excluding Brait and the MTN Group) have sales of c.R28.0 billion and EBITDA of just under R4.3 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.

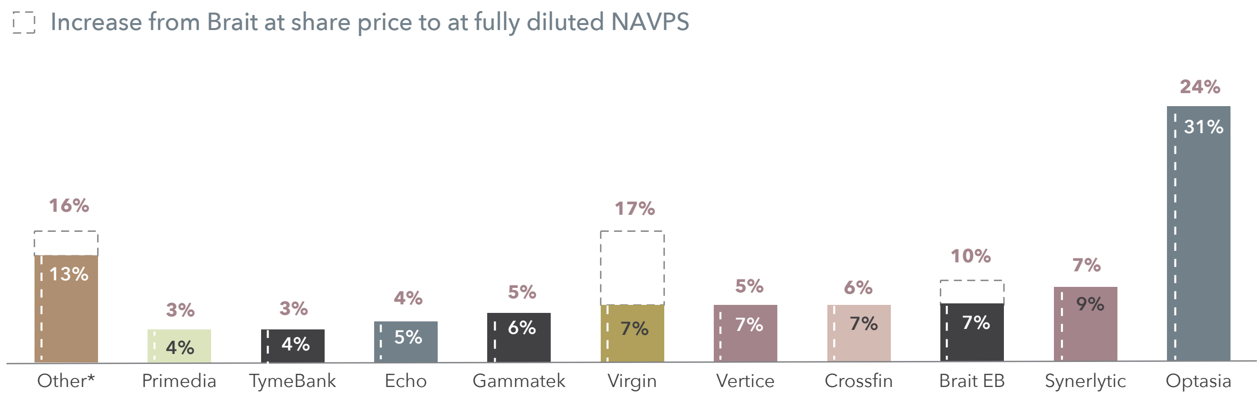
At 31 December 2023, the last 12 months ("LTM") attributable sales and EBITDA of the Portfolio Companies that are valued on an earnings/revenue-based valuation, increased on an aggregate basis by 12.8% and 26.4% respectively. The top five unlisted investments, consisting of Optasia, Synerlytic, Crossfin, Vertice, and Gammatek (60% of total assets) grew their attributable sales and EBITDA (on an aggregate basis) by 14.0% and 13.8% respectively.





At 31 December 2023, the contribution of each underlying Portfolio Company to the total assets of R2.4 billion, of which the top 10 investments make up 87% of the total assets, was as per the below. Despite the previous partial realisations of the Optasia investment, it remains a significant asset in the portfolio at 31% of the total asset value. The aggregate Brait portfolio, including the exchangeable bonds, represents 17% of the total portfolio.

TOTAL ASSETS CONTRIBUTION



% of total assets with Brait @ fully diluted NAVPS

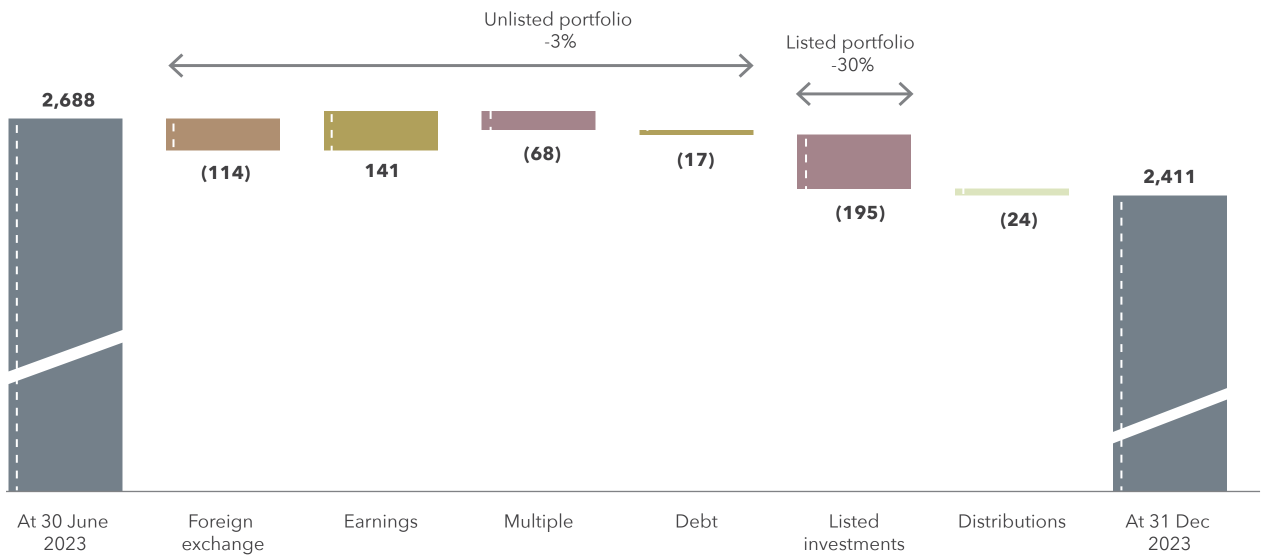
% of total assets with Brait @ share price

* *Including 13 Portfolio Companies and current assets.*

The unlisted investment portfolio achieved a negative gross (pre-expenses) return of R57.4 million, equating to a return of -2.8%. The negative return was mainly driven by the decrease in the valuation of Optasia, resulting from a devaluation of the local foreign exchange rates in key geographies that impacted the company's US$ EBITDA, and the strengthening of the ZAR against the US$ that impacted the ZAR valuation.

Net of a receipt of coupon proceeds on the Brait exchangeable bonds, the listed portfolio achieved a negative return of R195.4 million that resulted from decreases in the prices of the Brait exchangeable bonds, Brait ordinary shares and MTN Zakhele Futhi shares of 6%, 43% and 11% respectively over the six-month period.

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

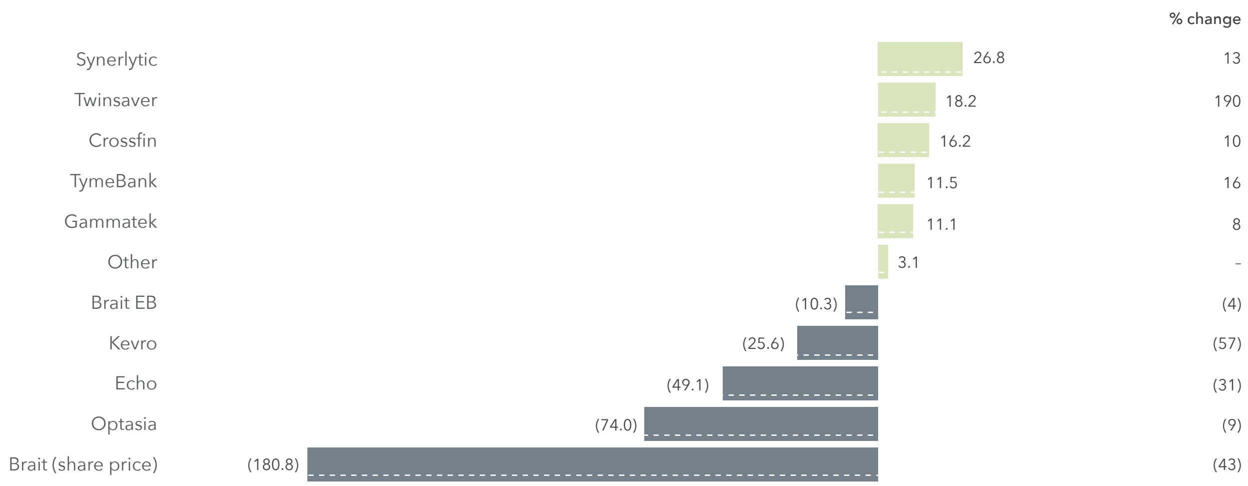


The underlying drivers of the slightly negative return from the unlisted portfolio (taking into account, where relevant, investment transactions and realisations, and foreign exchange movements during the period) are as follows:

- an increase in attributable maintainable EBITDA resulting in a value increase of R141.1 million;
- a decrease of R67.6 million driven by the implied valuation multiple decrease to 7.7x;
- an increase in sustainable net debt, after adjusting for investment transactions, accounting for R16.6 million valuation decrease; and
- a 3% strengthening of the ZAR against the US$ and a devaluation of local foreign exchange rates in Optasia resulted in an unrealised revaluation loss of R114.4 million.

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

RETURN ANALYSIS BY PORTFOLIO COMPANY



Optasia's strong local currency growth has continued with airtime credit services ("ACS") revenues up 19% on a like-for-like basis and micro financial services ("MFS") revenues up 73%. However, the business was significantly impacted by currency devaluations across some of its key territories and in particular in Nigeria with the devaluation of the Nigerian Naira which resulted in a relatively flat EBITDA performance in US$. ACS grew strongly however, new deployments were slower than budget due to constraints at the mobile network operators. The pipeline of opportunities for MFS remains strong with new deployments and territories adding significantly to the base.

The Synerlytic group operates in subsets of the testing, inspection and certification across South Africa, the rest of Africa and Canada in particular. Wearcheck's oil-condition-monitoring specialist division, OCM, experienced higher sample volumes and achieved record volumes during the period. Despite difficult market conditions in the South African mining sector, the reliability division achieved significant earnings growth. The Particle Group ("TPG"), a manufacturer and supplier of a wide range of matrix-matched certified reference materials ("CRM") had a more challenging year after strong growth in the previous year with a combination of difficult macro-conditions, a slow down of the Canadian economic growth and winter seasonality which impacted mining activity. However, the business continues to benefit from the investment made into its well-stocked CRM library.

Crossfin's complementary fintech businesses achieved a mixed performance. The Akelo Group continued to perform strongly with growth in the retail cards business. The recent commissioning of the personalised card facility resulted in a significant customer win which will take effect in FY2024. iKhokha's strong revenue growth continued on the back of the marketing investment to support merchant signups and overall brand awareness. Whilst the spend reduced overall profitability, the business continued to grow its market share and revenues during the year and is well positioned to benefit from its market position. Adumo (excluding iKhokha) delivered significant earnings growth driven by the outperformance of Adumo Payouts and GAAP. Sybrin's new management team has made significant operational changes, the benefits of which are starting to be seen in the turnaround of the business.

Gammatek delivered revenue growth and profitability despite a difficult operating environment with consumers under pressure due to the impact of high interest rates and inflation on consumer spending power. Currency depreciation and higher input cost inflation impacted the results however, the benefits of management's optimisation strategies have started to positively impact the business. The business continued to invest in expanding its presence in the retail customer segment, driving higher revenue in other African countries through bespoke, low-cost entry models (with the first launched in Botswana and Mauritius).

Twinsaver's turnaround has continued during the period with significant revenue and EBITDA growth resulting from the restructured business. Margins have increased due to price increases, the cost benefits of the restructuring and a decline in the pulp price. In addition, improved machine reliability and the customer and product portfolio rationalisation process have improved the revenue mix resulting in yield and margin enhancements. The non-core businesses Sylko and Validus were sold during the period and the proceeds will be used to reduce gearing in the business.

Whilst Kevro's operational recovery has continued during the period, the business remains behind the management's turnaround plan. The internal operating issues have been resolved with improved system stability and the new warehouse, ERP and warehouse management systems are operating efficiently providing the company with a competitive platform from which to grow. Trading performance was compromised by the port disruptions towards the end of 2023 that delayed sales and margins have declined as a result of increasing input costs and a depreciating currency.

Echo's South African business encountered difficult trading conditions during the period with significant competition impacting margins and the loss of a key customer due to a M&A transaction concluded by that client. The international business grew revenues during the period and undertook a significant cost cutting exercise to right size its cost base.

The share price of Brait decreased by 43% over the six-month period, despite continued improvements in the operating and financial performance of the underlying Portfolio Companies. Virgin Active continued its growth across all key territories, growing the active memberships coupled with yield enhancements across its portfolio. Premier delivered a strong performance across all its divisions with strong growth in EBITDA. The company's share price has risen c.17% from its listing price of R54 to R63 as at 31 December 2023. Trading conditions in the UK fashion retail sector remained difficult and competitive. New Look achieved a reasonable operating performance across its divisions during the period.

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 or revenue 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, or where relevant their separate business units, 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 or 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 or 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; and the valuation of the investments in Brait (ordinary shares and exchangeable bonds) and MTN Zakhele Futhi is based on their respective prices at 31 December 2023.

Listed portfolio

The investment in Brait is based on the prevailing share price at 31 December 2023 of R1.82 (30 June 2023: R3.22). The Brait fully diluted NAVPS (assuming the Brait exchangeable bonds are converted to ordinary shares) is R5.84 (as at 30 September 2023; R5.93 as at 31 March 2023), resulting in a Brait share price discount to NAVPS of 69%.

Unlisted portfolio

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA as at 31 December 2023 was R286.9 million and its attributable share of the maintainable net debt was R516.6 million, equating to a net debt/EBITDA multiple of 1.8x (30 June 2023: 1.5x).

Based on the Company's attributable EBITDA and an implied EV/maintainable EBITDA multiple of 7.7x, the EV of the Company's participation in the underlying Portfolio Companies is c.R2.2 billion.

It was deemed more appropriate to apply a revenue-based valuation to two underlying business units/divisions. Based on the attributable revenue and an implied EV/maintainable revenue multiple of 1.0x, the EV of the Company's participation in these is c.R75.3 million. Furthermore, third-party pricing was used to form the basis for the valuation of some other units/divisions, resulting in a further EV participation for the Company of c.R79.9 million.

The attributable net debt is subtracted to result in a net equity value of c.R1.8 billion, as set out below.

	31 December 2023 R'million	**30 June 2023 R'million**
Attributable EBITDA	286.9	269.9
Implied valuation multiple	*7.7x*	*8.2x*
Attributable EV – Earnings	**2,198.4**	**2,217.0**
Attributable EV – Revenue	**75.3**	**77.0**
Attributable EV – Other basis	**79.9**	**62.3**
Total attributable EV	**2,353.6**	**2,356.3**
Less: Attributable debt	*(516.6)*	*(443.7)*
Attributable debt/EBITDA multiple	*1.8x*	*1.6x*
Attributable equity value	**1,837.0**	**1,912.6**
Add: Other equity investments	*574.0*	*775.5*
Total investments	**2,411.0**	**2,688.1**
Carrying value of invested capital per share (Rand)	**9.49**	**10.59**

The implied EV/maintainable EBITDA multiple of 7.7x represents a 43% (30 June 2023: 42%) discount to the average EV/maintainable EBITDA multiple for the comparable peer groups of 13.4x. 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 12.4x.

	Share price based 31 December 2023 R'million	**NAVPS based 31 December 2023 R'million**
Attributable EBITDA	*286.9*	*286.9*
Implied valuation multiple	*5.7x*	*7.7x*
Implied multiple discount	*26%*	
Attributable EV – Earnings	**1,634.4**	**2,198.4**
Attributable EV – Revenue	**55.4**	**75.3**
Attributable EV – Other basis	**58.8**	**79.9**
Total attributable EV	**1,748.6**	**2,353.6**
Less: Attributable debt	*(516.6)*	*(516.6)*
Attributable debt multiple	*1.8x*	*1.8x*
Attributable equity value	**1,232.0**	**1,837.0**
Add: Other equity investments[1]	*540.1*	*574.0*
Total implied/actual investments	**1,772.1**	**2,411.0**
Invested NAV per share (Rand)	**6.98**	**9.49**
Debt (Rand)	(2.18)	(2.18)
NAVPS (Rand)	**4.80**	**7.31**
Invested capital discount	*26%*	

Based on the Company's share price of R4.80 as at 31 December 2023, the market implied EV/EBITDA was 5.7x and the EV/EBIAT was 9.2x.

[1] *No discount has been applied to the listed investments*

Realisations

During the six-month period ended 31 December 2023, total proceeds of R24.2 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. During the period, Ethos Capital received dividends of R6.8 million, representing its share of the dividends that Optasia distributed to these TRG SA Funds.

Following the completion of the sale of Retail Capital by Crossfin in December 2022, Crossfin received the first and second tranches of the deferred consideration during the current period that was distributed to its shareholders. Through its participation in EMMF I and TRG AAiF I, Ethos Capital received total proceeds of R10.1 million.

Finally, coupons received on the Brait Exchangeable Bonds totalled R7.3 million for the period.

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.

INTERIM FINANCIAL STATEMENTS

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		31 Dec 2023 R'000	31 Dec 2022 R'000	30 June 2023 R'000	31 Dec 2023 R'000	31 Dec 2022 R'000	30 June 2023 R'000
Assets							
Non-current assets							
Unlisted investments at fair value	4	2,411,015	2,602,098	2,688,078	2,411,015	2,602,098	2,688,078
Total non-current assets		2,411,015	2,602,098	2,688,078	2,411,015	2,602,098	2,688,078
Current assets							
Other assets and receivables		2,477	86,998	5,394	2,475	86,996	5,392
Income tax receivable		3,008	2,974	3,396	3,008	2,974	3,396
Cash and cash equivalents		10,088	8,211	11,236	9,621	7,746	10,777
Total current assets		15,573	98,183	20,026	15,104	97,716	19,565
Total assets		2,426,588	2,700,281	2,708,104	2,426,119	2,699,814	2,707,643
Equity and liabilities							
Capital and reserves							
Issued capital	5	2,271,272	2,291,272	2,271,272	2,406,272	2,426,272	2,406,272
Accumulated losses		(414,294)	(98,860)	(99,153)	(450,551)	(57,931)	(48,141)
Total equity		1,856,978	2,192,412	2,172,119	1,955,721	2,368,341	2,358,131
Non-current liabilities							
Borrowings	6	560,326	498,896	526,473	362,237	322,500	340,000
Provisions	11	–	–	–	98,878	–	–
Total non-current liabilities		560,326	498,896	526,473	461,115	322,500	340,000
Current liabilities							
Other liabilities and payables		9,284	8,973	9,512	9,283	8,973	9,512
Total current liabilities		9,284	8,973	9,512	9,283	8,973	9,512
Total equity and liabilities		2,426,588	2,700,281	2,708,104	2,426,119	2,699,814	2,707,643
Net asset value		1,856,978	2,192,412	2,172,119	1,955,721	2,368,341	2,358,131
Basic net asset value per share (Rand)	13.2	7.31	8.51	8.56	7.31	8.74	8.82
Attributable shares in issue at end of the period/year ('000)	13.2	253,885	257,500	253,885	267,385	271,000	267,385

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

		Group			Company		
		Unaudited		Audited	Unaudited		Audited
	Notes	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Income							
Changes in fair value of investments through profit or loss	7	(276,177)	36,059	69,833	(276,177)	36,059	69,833
Investment income	8	411	250	759	402	250	744
Net fair value (losses)/gains	9	(2)	3	11	(2)	3	11
Total income		(275,768)	36,312	70,603	(275,777)	36,312	70,588
Expenses							
Administration fees	10.1	(17)	(7)	(23)	(17)	(7)	(23)
Legal and consultancy fees	10.2	(185)	(150)	(581)	(185)	(150)	(581)
Other operating expenses	10.3	(4, 549)	(4,562)	(8,787)	(4,547)	(4,561)	(8,765)
Finance costs	10.4	(33,853)	(25,235)	(54,510)	(22,237)	(17,089)	(36,287)
Other losses	10.5	–	–	–	(98,878)	–	–
Total expenses		(38,604)	(29,954)	(63,901)	(125,864)	(21,807)	(45,656)
(Loss)/profit before tax		(314,372)	6,358	6,702	(401,641)	14,505	24,932
Income tax expense		(769)	(874)	**(1,511)**	(769)	(874)	(1,511)
(Loss)/profit for the period/year		(315,141)	5,484	5,191	(402,410)	13,631	23,421
Other comprehensive income for the period/year	11	–	–	–	–	–	–
Total comprehensive (loss)/income for the period/year		(315,141)	5,484	5,191	(402,410)	13,631	23,421

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

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Group			Company		
	Unaudited Six months ended 31 December 2023			Unaudited Six months ended 31 December 2023		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	Issued capital R'000	Accumulated losses R'000	Total equity R'000
Balance at 1 July 2023	2,271,272	(99,153)	2,172,119	2,406,272	(48,141)	2,358,131
Total comprehensive loss for the period	–	(315,141)	(315,141)	–	(402,410)	(402,410)
Balance at 31 December 2023	2,271,272	(414,294)	1,856,978	2,406,272	(450,551)	1,955,721

	Unaudited Six months ended 31 December 2022			Unaudited Six months ended 31 December 2022		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	Issued capital R'000	Accumulated losses R'000	Total equity R'000
Balance at 1 July 2022	2,291,272	(104,344)	2,186,928	2,426,272	(71,562)	2,354,710
Total comprehensive income for the period	–	5,484	5,484	–	13,631	13,631
Balance at 31 December 2022	2,291,272	(98,860)	2,192,412	2,426,272	(57,931)	2,368,341

	Audited Year ended 30 June 2023			Audited Year ended 30 June 2023		
	Issued capital R'000	Accumulated losses R'000	Total equity R'000	Issued capital R'000	Accumulated losses R'000	Total equity R'000
Balance at 1 July 2022	2,291,272	(104,344)	2,186,928	2,426,272	(71,562)	2,354,710
Buyback of A Ordinary Shares	(20,000)	–	(20,000)	(20,000)	–	(20,000)
Total comprehensive income for the year	–	5,191	5,191	–	23,421	23,421
Balance at 30 June 2023	2,271,272	(99,153)	2,172,119	2,406,272	(48,141)	2,358,131

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Notes	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Cash flows from operating activities before investment activities:							
Cash used in operations	12	(4,966)	(13,890)	(14,220)	(4,965)	(13,889)	(14,198)
Interest income from cash and bank balances	8	411	250	759	402	250	744
Finance costs paid	10.4	–	(17,089)	(36,287)	–	(17,089)	(36,287)
Income tax paid		(381)	(530)	(1,589)	(381)	(530)	(1,589)
Net cash used in operating activities before investment activities		(4,936)	(31,259)	(51,337)	(4,944)	(31,258)	(51,330)
Cash flows from investment activities:							
Net cash flow from non-current investments		3,790	6,085	31,680	3,790	6,085	31,680
Payments to acquire non-current investments		–	(58,894)	(184,407)	–	(58,894)	(184,407)
Proceeds on disposal of non-current investments		8,358	59,858	211,168	8,358	59,858	211,168
Interest received		9,024	16,571	34,611	9,024	16,571	34,611
Dividends received		6,825	14,884	22,178	6,825	14,884	22,178
Withholding tax paid		(844)	(2,402)	(4,205)	(844)	(2,402)	(4,205)
Investment-related expenses		(19,573)	(23,932)	(47,665)	(19,573)	(23,932)	(47,665)
Net cash from investment activities		3,790	6,085	31,680	3,790	6,085	31,680
Cash used in operating activities		(1,146)	(25,174)	(19,657)	(1,154)	(25,173)	(19,650)
Cash flows from financing activities:							
Payment for buyback of A Ordinary Shares		–	–	(20,000)	–	–	(20,000)
Proceeds from borrowings		–	30,265	160,000	–	30,265	160,000
Repayment of borrowings		–	–	(112,235)	–	–	(112,235)
Net cash from financing activities		–	30,265	27,765	–	30,265	27,765
Net (decrease)/increase in cash and cash equivalents		(1,146)	5,091	8,108	(1,154)	5,092	8,115
Cash and cash equivalents at the beginning of the period/year		11,236	3,117	3,117	10,777	2,651	2,651
Effects of exchange rate changes on the balance of cash held in foreign currencies	9	(2)	3	11	(2)	3	11
Total cash and cash equivalents at the end of the period/year		10,088	8,211	11,236	9,621	7,746	10,777

NOTES TO THE SUMMARISED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 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, Act No. 15 of 2001 ("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 controlled entity.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

The following new and revised standards and interpretations are relevant to the Group and have been adopted in these Group (consolidated) and Company Summarised Interim Financial Statements (collectively referred to as "Summarised Interim Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Summarised Interim Financial Statements. These standards are effective for companies with financial year-ends beginning on or after the effective date as noted for each standard.

Standard	Subject	Effective date
Amendments/Improvements		
IFRS 4	*Extension of the temporary exemption from applying IFRS 9*	1 January 2023
IFRS 17	*Insurance Contracts (including amendments)*	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 (including deferral of effective date)*	1 January 2023

The standards issued but not yet effective for the financial year ending on 30 June 2024 that might be relevant to the Group and not implemented early, are as follows:

Amendments/Improvements		
IAS 1	*Amendments to Non-current liabilities with covenants*	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 Summarised Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above.

3 Significant accounting policies

3.1 Basis of preparation

These Summarised Interim Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; as a minimum, the information required by IAS 34; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licensed companies.

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

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

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

These Summarised Interim Financial Statements were compiled under the supervision of the Chief Financial Officer, Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 8 March 2024.

3.2 Basis of consolidation

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

The Group (consolidated) Summarised Interim Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

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

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

3 Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of controlled entities is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

There were no intercompany transactions and/or balances between the Group companies that otherwise needed to be eliminated on consolidation.

3.3 Segmental reporting

Since the Group has only one business segment, and all its investments are managed as one segment with the Board making commitments into private equity-type investments, segmental reporting is not applicable. While these private equity-type investments are potentially made in multiple industry sectors, the Board does not make its decisions or monitor investment performance individually as relevant to these sectors.

3 Significant accounting policies (continued)

3.4 Critical judgement and accounting estimates: valuation of unlisted investments

The basis of valuation of all investments is fair value. Fair value is determined as of the end of each quarter. All investments are valued in accordance with IFRS and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

As stated above, the Group's investments mainly comprise drawn commitments into Funds, which in turn invests in Portfolio Companies in which the Group has an indirect interest. In addition, the Group can also invest directly into a Portfolio Company (Co-Investments).

The General Partners of these Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund or Co-Investments. The Investment Advisor's valuations, as prepared in December, are audited annually by its auditor and, its valuations, as prepared in June, are audited by the Group's auditor.

The Investment Advisor determines the individual fair value of each Portfolio Company and the Fund's NAV at the end of each quarter and the June and December valuations and NAV are approved by its Board of Advisors. The policy of the Investment Advisor to determine the fair value of the Portfolio Companies, which is in accordance with the IPEV Valuation Guidelines, is noted below.

At each reporting date after the initial acquisition date, an assessment is made of the fair value of the investment to determine any required changes in the fair value of the investment. An earnings multiple methodology is generally applied, although other methods are available and might be considered more appropriate, e.g. a discounted cash flow ("DCF") method, 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 earnings before interest, tax, depreciation and amortisation ("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.

3 Significant accounting policies (continued)

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

The length of period for which it would remain appropriate to use this valuation technique will depend on the specific circumstances of the investment and is subject to the judgement of the General Partner. Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving the type of securities in which the Funds invests. Therefore, the fair values presented herein may not be indicative of the amount the Funds could realise in a current transaction.

3.5 Net asset value per share

3.5.1 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 Summarised Statements of Financial Position, is divided by the number of shares as disclosed in note 5. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at year-end, less treasury shares and less the notionally encumbered shares.

3.6 Going concern

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

3.7 Statements of Cash flows

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

4 Unlisted investments at fair value

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), 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") has assumed responsibility as the sole Investment Advisor to Ethos Capital. The Group becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds. Alternatively, the Group can also make Co-Investment commitments to invest into Portfolio Companies alongside the Funds.

At 31 December 2023, the Group had the following investments:

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Investments held at fair value through profit or loss:						
Carrying amounts of:						
Unlisted investments	2,411,015	2,602,098	2,688,078	2,411,015	2,602,098	2,688,078
	2,411,015	2,602,098	2,688,078	2,411,015	2,602,098	2,688,078
Comprising:						
Cost	2,929,449	2,801,643	2,937,807	2,929,449	2,801,643	2,937,807
Unrealised capital revaluation at the end of the period/year	(767,532)	(468,760)	(458,614)	(767,532)	(468,760)	(458,614)
Accrued income	249,098	269,215	208,885	249,098	269,215	208,885
	2,411,015	2,602,098	2,688,078	2,411,015	2,602,098	2,688,078

4 Unlisted investments at fair value (continued)

The investments consisted of the following nine investments:

Group and Company	Participation in Ethos Funds/ Co-Investments 31 Dec 2023 %	Cost 31 Dec 2023 R'000	Valuation 31 Dec 2023 R'000	Income distributions received 31 Dec 2023 R'000	Devaluation 31 Dec 2023 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
TRG AF VII[(1)]	61	692,277	792,851	8,556	–
EMMF I[(2)]	39	823,892	705,018	1,359	(118,874)
EDI[(3)]	1-6	786,114	370,988	5,022	(415,126)
TRG AAiF I[(4)]	20	112,738	233,012	912	–
EHP[(5)]	13	96,153	127,938	–	–
Primedia Holdings (Pty) Ltd	4	144,248	83,337	–	(60,911)
EF VI[(6)]	<2	91,990	63,098	–	(28,892)
TRG MP 3[(8)]	n/a	18,115	24,718	–	–
EMMF I Direct[(7)]	5	163,922	10,055	–	(153,867)
		2,929,449	2,411,015	15,849	(777,670)

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

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.

4 Unlisted investments at fair value (continued)

Group and Company	Participation in Ethos Funds/ Co-Investments 31 Dec 2022 %	Cost 31 Dec 2022 R'000	Valuation 31 Dec 2022 R'000	Income distributions received 31 Dec 2022 R'000	Devaluation 31 Dec 2022 R'000
Investments held at fair value through profit or loss:					
Consisting of unlisted investments in:					
TRG AF VII	61	717,260	977,468	15,271	–
EMMF I	39	724,933	609,245	8,289	(115,688)
EDI	1 – 6	789,186	530,174	6,022	(259,012)
TRG AAiF I	20	98,494	174,858	1,873	–
EHP[5]	13	96,153	123,984	–	–
Primedia Holdings (Pty) Ltd	4	144,248	77,141	–	(67,107)
EF VI	<2	93,576	62,685	–	(30,891)
TRG MP3					
EMM Direct	9	119,678	23,698	–	(95,980)
		2,801,643	2,602,098	31,455	(568,678)

Group and Company	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 VI	61	692,277	970,588	24,287	–
EMMF I	39	830,522	680,257	18,324	(150,265)
EDI	1-6	786,114	495,403	11,108	(290,711)
TRG AAiF I	20	114,467	227,214	2,374	–
EHP	13	96,153	128,983	–	–
Primedia Holdings (Pty) Ltd	4	144,247	79,321	–	(64,926)
EF VI	<2	91,990	57,286	696	(34,704)
TRG MP3	n/a	18,115	25,453	–	–
EMMF I Direct	5	163,922	23,573	–	(140,349)
		2,937,807	2,688,078	56,789	(680,955)

4 Unlisted investments at fair value (continued)

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 31 December 2023, the underlying investments (Portfolio Companies) of the above Funds constituting 99.4% 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 31 Dec 2023 %	Percentage of total assets 31 Dec 2022 %	Percentage of total assets 30 June 2023 %
Optasia	TRG AF VII / TRG AAiF I / EDI	7.3	FinTech service provider	30.9	28.4	30.7
Synerlytic	EMMF I	37.1	Specialised analytical and testing services	9.5	6.9	7.5
Brait EB		5.7	Exchangeable bonds	7.2	6.8	7.1
Crossfin	EMMF I / TRG AAiF I	11.8	Fintech Group	7.1	5.3	6.1
Vertice	EHP	16.8	MedTech	6.9	6.0	6.2
Virgin Active (Brait)	TRG AF VII / EDI	6.6	Health club operator	6.5	7.6	10.2
Gammatek	EMMF I	20.1	TMT accessory distribution	6.1	5.2	5.1
Echo	EMMF I / TRG AF VII	35.0	Corporate ISP	4.6	6.9	5.9
TymeBank	TRG AAiF I	0.7	Banking	4.3	2.3	3.4
Primedia	EF VI / Direct	4.7	Media	3.7	3.0	3.1
Premier (Brait)	TRG AF VII / EDI	4.6	FMCG manufacturer	2.4	10.0	4.1
E4	EMMF I	7.7	Software as a Service	2.3	n/a	2.0
MTN Zakhele Futhi	EMMF I	0.1	Telecommunications	1.5	1.5	1.6
Twinsaver	EF VI / EMMF I	7.5	FMCG manufacturer	1.1	0.2	0.4
Eazi Access	EF VI / EMMF I	4.9	Industrial support services	1.1	1.1	0.9
Chibuku	TRG MP3	0.0	Brewing and distribution	1.0	0.8	0.9
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.9	0.7	0.7
Kevro	EMMF I / EMMF I Direct	9.2	Corporate clothing and gifting	0.8	1.7	1.6
New Look (Brait)	TRG AF VII / EDI	1.8	Multi-channel fast-fashion brand	0.7	0.8	1.0
Neopak	EF VI	1.4	Paper and packaging	0.4	0.4	0.3
Waco International	EF VI	0.3	Industrial support services	0.2	0.3	0.2
RTT	EF VI	0.7	Logistics	0.2	0.3	0.3
Autozone	EF VI / EMMF I	8.2	Automotive parts retailer & wholesaler	–	0.2	–
				99.4	96.4	99.3

5 Issued capital

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 Number	Six months ended 31 Dec 2022 Number	Year ended 30 June 2023 Number	Six months ended 31 Dec 2023 Number	Six months ended 31 Dec 2022 Number	Year ended 30 June 2023 Number
Authorised, issued and fully paid						
A Ordinary Shares issued at R10.00 per share	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000
A Ordinary Shares issued at R7.50 per share	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
A Ordinary Shares issued at R0.01 per share	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
B Ordinary Shares issued at R0.01 per share	10,000	10,000	10,000	10,000	10,000	10,000
	287,510,000	287,510,000	287,510,000	287,510,000	287,510,000	287,510,000
Black Hawk treasury shares (A Ordinary shares)	(13,500,000)	(13,500,000)	(13,500,000)	–	–	–
A Ordinary Shares repurchased	(12,614,901)	(9,000,000)	(12,614,901)	(12,614,901)	(9,000,000)	(12,614,901)
Total issued share capital	261,395,099	265,010,000	261,395,099	274,895,099	278,510,000	274,895,099

	R'000	R'000	R'000	R'000	R'000	R'000
Issued and fully paid						
A Ordinary Shares issued at R10.00 per share	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
A Ordinary Shares issued at R7.50 per share	750,000	750,000	750,000	750,000	750,000	750,000
A Ordinary Shares issued at R0.01 per share	75	75	75	75	75	75
B Ordinary Shares issued at R0.01 per share	–	–	–	–	–	–
Less: Share issue costs	(49,389)	(49,389)	(49,389)	(49,389)	(49,389)	(49,389)
	2,500,686	2,500,686	2,500,686	2,500,686	2,500,686	2,500,686
Black Hawk treasury shares (A Ordinary Shares)	(135,000)	(135,000)	(135,000)	–	–	–
A Ordinary Shares repurchased	(94,414)	(74,414)	(94,414)	(94,414)	(74,414)	(94,414)
Total issued share capital	2,271,272	2,291,272	2,271,272	2,406,272	2,426,272	2,406,272

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.

5 Issued capital (continued)

At the same time, 10,000 B Ordinary Shares were issued to the Trustees of the Ethos Private Equity Allocation Trust ("the EPE Trust"), at an issue price of R0.01 per share. These shares were not admitted to the JSE for listing and trading. The B Ordinary Shares are a mechanism to effect payment of the annual performance participation to the EPE Trust in the form of a cash dividend on the B Ordinary Shares, following the notional encumbrance termination date. The B Ordinary Shares therefore entitle the holders to, including other rights as stated in the Company's Constitution, participate proportionately in any distribution made by the Company in respect of the B Ordinary Shares and, upon the A Ordinary Shares issued to the EPE Trust at R0.01 per share ceasing to be encumbered (refer to note 13), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

On 12 February 2020, the Company completed a Rights Issue whereby 100,000,000 A Ordinary Shares were issued at R7.50 per share. Costs amounting to R14,673,000 that 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 13.

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

6 Borrowings

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Secured – at amortised cost:						
Revolving credit facility (Ethos Capital)	362,237	322,500	340,000	362,237	322,500	340,000
Unsecured – at amortised cost:						
Loan facility (Black Hawk)	198,089	176,396	186,473	–	–	–
	560,326	498,896	526,473	362,237	322,500	340,000
Current	–	–	–	–	–	–
Non-current	560,326	498,896	526,473	362,237	322,500	340,000
	560,326	498,896	526, 473	362,237	322,500	340,000

On 13 February 2020, the Company concluded a five-year revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank ("RMB") division) which expires on 12 February 2025. The credit facility is secured against the Company's assets and is currently capped at a maximum of 3.75x 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 to 31 December 2023 was either paid or capitalised.

6 Borrowings (continued)

The Group has exposure to RMB via a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 12 February 2025. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 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. It is the current intention of the Group to refinance both the facilities before their expiry dates of 12 February 2025 and extend their maturity dates.

The carrying amount of the bank loans approximates their fair values.

7 Changes in fair value of investments through profit or loss

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Income:						
Interest accrued and received on unlisted investments	40,766	35,850	72,094	40,766	35,850	72,094
Dividends accrued and received on unlisted investments	15,296	18,911	31,350	15,296	18,911	31,350
	56,062	54,761	103,444	56,062	54,761	103,444
Net (loss)/gain arising on changes in the fair value of investments	(308,918)	7,286	17,432	(308,918)	7,286	17,432
Reversal of prior years' fair value losses on disposal	–	23,567	23,567	–	23,567	23,567
Losses on realisation of investments	–	(23,221)	(23,379)	–	(23,221)	(23,379)
	(308,918)	7,632	17,620	(308,918)	7,632	17,620
Tax expenses:						
Withholding tax	(844)	(2,402)	(4,205)	(844)	(2,402)	(4,205)
	(844)	(2,402)	(4,205)	(844)	(2,402)	(4,205)
Expenses:						
TRG SA fees	(16,335)	(16,337)	(32,449)	(16,335)	(16,337)	(32,449)
Finance costs	(5,887)	(6,650)	(13,095)	(5,887)	(6,650)	(13,095)
Other Fund operating expenses	(255)	(945)	(1,482)	(255)	(945)	(1,482)
	(22,477)	(23,932)	(47,026)	(22,477)	(23,932)	(47,026)
	(276,177)	36,059	69,833	(276,177)	36,059	69,833

8 Investment income

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Income:						
Interest from cash and bank balances	411	250	759	402	250	744
	411	250	759	402	250	744
Analysis of investment income by category of asset:						
Loans and receivables (including cash and bank balances)	411	250	759	402	250	744
	411	250	759	402	250	744

9 Net fair value (losses)/gains

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Unrealised:						
Net foreign exchange (loss)/gain on conversion of cash and cash equivalents	(2)	3	11	(2)	3	11
Net fair value (losses)/gains	(2)	3	11	(2)	3	11

10 (Loss)/profit before tax

(Loss)/profit before tax has been arrived at after charging:

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
10.1 Administration fees						
Administration fee – TRG SA	17	7	23	17	7	23
	17	7	23	17	7	23
10.2 Legal and consultancy fees						
Professional advisors' fees	185	150	581	185	150	581
	185	150	581	185	150	581
10.3 Other operating expenses						
Company secretarial, accounting and other administration fees	42	305	234	42	304	234
Directors' emoluments	2,421	2,307	4,656	2,421	2,307	4,656
Auditors' remuneration	765	740	1,365	765	740	1,365
Insurance costs	198	192	399	198	192	399
Sponsor and listing-related fees	433	396	813	433	396	813
Publication costs	262	283	545	262	283	545
Donations	–	–	102	–	–	102
Other expenses	428	339	673	426	339	651
	4,549	4,562	8,787	4,547	4,561	8,765
10.4 Finance costs						
Secured:						
Interest on secured credit facility	21,632	16,426	34,867	21,632	16,426	34,867
Commitment and transaction fees	605	663	1,420	605	633	1,420
Total amount accrued/paid	22,237	17,089	36,287	22,237	17,089	36,287

The interest and fees to 31 December 2023 have not been paid but accrued and capitalised to the credit facility balance.

Unsecured:						
Interest on unsecured loan facility	11,616	8,146	18,223	–	–	–
Total amount accrued	11,616	8,146	12,283	–	–	–
	33,853	25,235	54,510	22,237	17,089	36,287

10 (Loss)/profit before tax (continued)

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
10.5 Other losses						
Losses on financial guarantee (see note 11)	–	–	–	98,878	–	–
Total	–	–	–	98,878	–	–

11 Provisions

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Provisions:						
Losses on financial guarantee	–	–	–	98,878	–	–
Total	–	–	–	98,878	–	–

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. The amount outstanding at 31 December 2023 of R198,089,000 represents the current outstanding balance on the facility, including any accrued interest charges to 31 December 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 noted in note 6, it is the intention of the Group to refinance the loan facility before its expiry date and extend its maturity date.

As security against the above guarantee, Black Hawk has pledged 13.5 million shares in favour of the Company, which was valued at R64,800,000 at 31 December 2023. In the event that the guarantee was called at 31 December 2023, the Company would have been required to settle the outstanding RMB amount of R198,089,000. The settlement required would be net of proceeds received by Black Hawk, from either a repurchase of the pledged shares by the Company or from selling the pledged shares, that would be used as partial settlement.

11 Provisions (continued)

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 (in the event that the guarantee is called) has previously been recognised in the Group Summarised Statement of Financial Position. The recognition of the full loss at the Company level, will align the NAVPS of the Company to the Group's NAVPS and therefore a provision for losses at the Company level will not change the Group NAVPS.

Given the timeline to the maturity date of the loan facility, despite the intention to extend it by a few years, and following the increased interest rates on the loan facility over the past year and the rate of the expected NAV progression, the Board has considered the probability of incurring losses on the financial guarantee and has deemed it necessary to recognise such expected losses in full at 31 December 2023. The current net impact of the expected losses on the guarantee has been provided for in the Company Summarised Statement of Financial Position and Company Summarised Statement of Comprehensive Income.

12 Notes to the Statements of Cash Flows

12.1 Cash used in operations

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Cash flows from operating activities before investing activities:						
(Loss)/profit before tax for the year	(314,372)	6,358	6,702	(401,641)	14,505	24,932
Adjustments for:						
Investment income recognised in profit	(56,473)	(55,011)	(104,203)	(56,464)	(55,011)	(104,188)
Withholding tax on investments	844	2,402	4,205	844	2,402	4,205
Investment-related expenses	22,477	23,932	47,026	22,477	23,932	47,026
Loss/(gain) from fair value adjustments	308,918	(30,853)	(40,999)	308,918	(30,853)	(40,999)
Loss on disposal of investments	–	23,221	23,379	–	23,221	23,379
Net foreign exchange loss/(gain)	2	(3)	(11)	2	(3)	(11)
Finance costs recognised in profit	33,853	25,235	54,510	22,237	17,089	36,287
Loss on financial guarantee	–	–	–	98,878	–	–
	(4,751)	(4,719)	(9,391)	(4,749)	(4,718)	(9,369)
Movements in working capital	(215)	(9,171)	(4,829)	(216)	(9,171)	(4,829)
Decrease in trade and other receivables	203	2,318	6,790	203	2,318	6,790
Decrease in other liabilities and payables	(418)	(11,489)	(11,619)	(419)	(11,489)	(11,619)
Cash used in operations	(4,966)	(13,890)	(14,220)	(4,965)	(13,889)	(14,198)

13 (Loss)/earnings and NAV per share

As detailed in note 5, the Company has 287,500,000 A Ordinary Shares in issue, 7,500,000 of which were issued to the EPE Trust and are currently notionally encumbered. Until these shares are released from their encumbrance (through the notional performance participation), the Company has an irrevocable right and option to acquire the notionally encumbered A Ordinary Shares at a repurchase price of R0.01 per share, being each share's fair value, and then to apply for the delisting of such shares acquired. The holders of these shares are therefore restricted from selling the shares to any party other than the Company and obtaining or sharing in any economic benefit derived from the shares, until they are released from their encumbrance.

Given the restrictions the encumbered shares place on the holder and the probability of the shares being delisted unless certain contingent conditions are met, they are excluded from the calculations to determine the 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.

13.1 (Loss)/earnings and headline (loss)/earnings per share

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000	Six months ended 31 Dec 2023 R'000	Six months ended 31 Dec 2022 R'000	Year ended 30 June 2023 R'000
Total comprehensive (loss)/income attributable to ordinary shareholders	(315,141)	5,484	5,191	(402,410)	13,631	23,421
Reconciliation of basic earnings to headline earnings:						
Total comprehensive (loss)/income attributable to ordinary shareholders	(315,141)	5,484	5,191	(402,410)	13,631	23,421
Reconciling items	–	–	–	–	–	–
Headline (loss)/earnings for the period/year	(315,141)	5,484	5,191	(402,410)	13,631	23,421
	'000	'000	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of earnings per share	253,885	257,500	256,884	267,385	271,000	270,384
Basic and diluted (loss)/earnings per share (Rand)	(1.24)	0.02	0.02	(1.50)	0.05	0.09
Basic and diluted headline (loss)/earnings per share (Rand)	(1.24)	0.02	0.02	(1.50)	0.05	0.09

13 Earnings and NAV per share (continued)

13.2 Net asset value per share

	31 Dec 2023 R'000	31 Dec 2022 R'000	30 June 2023 R'000	31 Dec 2023 R'000	31 Dec 2022 R'000	30 June 2023 R'000
Net asset value	1,856,978	2,192,412	2,172,119	1,955,721	2,368,341	2,354,710

Basic net asset value per share

	'000	'000	'000	'000	'000	'000
Number of shares in issue during the period/year	287,500	287,500	287,500	287,500	287,500	287,500
Less: Shares held in treasury	(26,115)	(22,500)	(26,115)	(12,615)	(9,000)	(12,615)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the period/year	253,885	257,500	253,885	267,385	271,000	267,385
Basic net asset value per share (Rand)	7.31	8.51	8.56	7.31	8.74	8.82

14 Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the Group. The Board of Directors considered the key agreements, transactions and relationships between the Group and other entities and has classified the same entities, as identified and disclosed in the Annual Financial Statements as at 30 June 2023, as related parties.

15 Financial risk factors and instruments

15.1 Overview

This note presents information about the Group's exposure to each of the below mentioned risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

Through the Group's activities, it is exposed to a variety of risks that could result in changes to the NAV or its performance. The main risks the Group is exposed to which could result in changes to the NAV or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and equity price risk); credit risk; and liquidity risk. These risks are detailed in note 24 of the Notes to the Annual Financial Statements as at 30 June 2023.

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

	Group		Company	
At 31 December 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	2,411,015	–	2,411,015	–
Other assets and receivables	–	2,477	–	2,475
Income tax receivable	-	3,008	-	3,008
Cash and cash equivalents	–	10,088	–	9,621
Financial liabilities:				
Borrowings	–	560,326	–	362,237
Provisions	–	–	98,878	–
Other liabilities and payables	–	9,284	–	9,283

15 Financial risk factors and instruments (continued)

15.1 Overview (continued)

At 31 December 2022	Financial asset at FVTPL R'000	At amortised cost R'000	Financial asset at FVTPL R'000	At amortised cost R'000
Financial assets:				
Unlisted investments at fair value	2,602,098	–	2,602,098	–
Other assets and receivables	–	86,998	–	86,996
Income tax receivable	–	2,974	–	2,974
Cash and cash equivalents	–	8,211	–	7,746
Financial liabilities:				
Borrowings	–	498,896	–	322,500
Other liabilities and payables	–	8,973	–	8,973

	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

15 Financial risk factors and instruments (continued)

15.2 Capital risk management

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

15.3 Valuation risk

15.3.1 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.

15 Financial risk factors and instruments (continued)

15.4 Fair value classification of investments

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

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

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	445,944	–	1,965,071	2,411,015
At 31 December 2023	445,944		1,965,071	2,411,015

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets:				
Unlisted investments	721,629	–	1,880,469	2,602,098
At 31 December 2022	721,629	–	1,880,469	2,602,098

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

During the year there were no transfers of assets from level 1 to level 2 or 3, level 2 to level 1 or 3 and level 3 to level 1 or 2.

15 Financial risk factors and instruments (continued)

15.4 Fair value classification of investments (continued)

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

	Unlisted investments		
Group and Company	**Six months ended 31 Dec 2023 R'000**	**Six months ended 31 Dec 2022 R'000**	**Year ended 30 June 2023 R'000**
Non-current assets:			
Opening balance	2,039,377	1,877,680	1,877,680
Acquisitions	–	61,485	145,461
Realisations at 30 June 2023/2022 carrying value	(10,072)	(191,148)	(230,406)
Net (losses)/gains included in the Statements of Comprehensive Income	(64,234)	132,452	246,642
	1,965,071	1,880,469	2,039,377

15.5 Sensitivity of the fair values to unobservable inputs

15.5.1 Fund investments – NAV based

The Board of Directors has approved the valuation method for level 3 investments as set out in the accounting policies. The valuation techniques used and the inputs available to determine the fair value of each investment, are detailed in note 3. The inputs that are available to the Board to determine the valuation of the investments of the Company, are the NAVs of the Funds that represent its investments. The analysis below demonstrates the impact that a potential reasonable change in the level 3 unobservable input (i.e. the Funds' NAV) might have on the fair value and NAVPS of the Group and Company at 31 December 2023.

At 31 December 2023	Group and Company		Group	Company	Group and Company
			NAVPS		
Investments	**R'000**	**% change**	**Rand**	**Rand**	**Fair value adjustment R'000**
NAV:					
TRG AF VII	792,851	±10%	±0.31	±0.30	±79,285
EMMF I	705,081	±10%	±0.28	±0.26	±10,502
EDI	370,988	±10%	±0.15	±0.14	±37,099
TRG AAiF I	233,012	±10%	±0.09	±0.09	±23,301
EHP	127,938	±10%	±0.05	±0.05	±12,794
EF VI	63,098	±10%	±0.02	±0.02	±6,310
TRG MP3	24,718	±10%	±0.01	±0.01	±2,472
EMMF I Direct	10,055	±10%	–	–	±1,006

15 Financial risk factors and instruments (continued)

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

15.5.1 Fund investments – NAV based (continued)

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

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

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers

The categories of unlisted assets that are valued by the Investment Manager, based on different level 3 unobservable inputs and valuation methodologies, to derive the Funds' NAVs at 31 December 2023, are as follows:

		Group and Company		
Methodology	**Category**	**31 Dec 2023 R'000**	**31 Dec 2022 R'000**	**30 June 2023 R'000**
Non-earnings based:				
Fair value – early-stage investment	Unlisted private equity	103,326	61,899	91,778
Fair value – par value plus coupon	Unlisted mezzanine	24,718	22,845	25,453
Fair value – tangible net asset value	Unlisted private equity	–	5,125	9,574
Earnings based:				
Fair value – earnings based	Unlisted private equity	1,837,027	1,790,600	1,912,572
		1,965,071	1,880,469	2,039,377

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.

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Non-earnings based (continued)

Fair value – par value plus coupon

The fair value of the mezzanine loan component of the underlying investment is based on the outstanding principal at par value plus any accrued coupon/interest – less any impairments that are deemed required – plus any equity value that might be receivable subject to certain earnings levels of the Portfolio Company. The equity component of the underlying investment is, if applicable, based on an earnings multiple methodology. The information aims to demonstrate the impact that a potential change in a level 3 unobservable input might have on the fair value of the investment at 31 December 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
At 31 December 2023	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	–	–	–
At 31 December 2022	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	±0.01	±0.01	±1,958
At 30 June 2023	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Attributable EBITDA or EBITDA valuation multiple	±10	–	–	±923

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

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 December 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.

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.

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Fair value – earnings based (continued)

	Group and Company			Group	Company	Group and Company
				NAVPS		Fair value adjustment
At 31 December 2023	**R'000**	**EBITDA multiple**	**% change**	**Rand**	**Rand**	**R'000**
EF VI and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	51,000	5.5x	±10	±0.11	±0.11	±28,850
Attributable Net debt	61,000	n/a	±10	∓0.02	∓0.02	∓5,300
EF VII and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	81,000	10.9x	±10	±0.39	±0.37	±88,420
Attributable Net debt	87,000	n/a	±10	–	–	∓8,570
EMMF I and relevant Co-Investments:						
Attributable EBITDA / Implied EBITDA valuation multiple	129,000	6.7x	±10	±0.34	±0.33	±87,440
Attributable Net debt	283,000	n/a	±10	∓0.12	∓0.11	∓27,290

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

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Fair value – earnings based (continued)

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

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 31 December 2023, if all other inputs remain unchanged.

15 Financial risk factors and instruments (continued)

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

15.5.2 Underlying Portfolio Companies – valuation drivers (continued)

Fair value – earnings based (continued)

	Group and Company			Group	Company	Group and Company
At 31 December 2023	**R'000**	**EBITDA multiple**	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:						
Attributable EBITDA / Implied EBITDA valuation multiple	26,000	6.6x	±10	±0.06	±0.06	±14,860
Attributable Net debt	86,000	n/a	±10	∓0.04	∓0.04	∓10,900

At 31 December 2022	**R'000**	**EBITDA multiple**	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Earnings based – unlisted investment in Primedia:						
Attributable EBITDA / Implied EBITDA valuation multiple	23,000	7.0x	±10	±0.06	±0.06	±16,241
Attributable Net debt	84,000	n/a	±10	∓0.03	∓0.03	∓8,259

At 30 June 2023	**R'000**	**EBITDA multiple**	**% change**	**NAVPS Rand**	**NAVPS Rand**	**Fair value adjustment R'000**
Earnings based – un-listed investment in Primedia:						
Attributable EBITDA / Investment EBITDA valuation multiple range	24,000	6.7x	±10	±0.08	±0.07	±19,601
Attributable Net debt	85,000	n/a	±10	∓0.02	∓0.02	∓4,979

15.6 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.

16 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Summarised Interim Financial Statements for the period ended 31 December 2023.

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

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Company Secretary and registered office

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Ebene
Mauritius

Auditors

Deloitte
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Ebene
Mauritius

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Listing

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

Transfer Secretaries

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

Sponsor

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

#17592

EPE CAPITAL PARTNERS LTD
("ETHOS CAPITAL" OR "THE COMPANY")

INCORPORATED IN THE REPUBLIC OF MAURITIUS

REGISTRATION NUMBER: C138883 C1/GBL

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