



ARC INVESTMENTS

Incorporated in the Republic of Mauritius

Company number: C148430

JSE share code: AIL

A2X share code: AIL

ISIN code: MU0553S00000

LEI: 378900F086B090C6FB94

The Annual Financial Statements were prepared for the purposes of the JSE Listings Requirements

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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The reports and statements set out below form the Annual Financial Statements of African Rainbow Capital Investments Limited (ARC Investments or the Company) for the year ended 30 June 2024 presented to shareholders. They were prepared under the supervision of Karen Bodenstien, Chief Financial Officer, B Compt (Accounting Science).

The Annual Financial Statements have been prepared in compliance with the applicable requirements of the Mauritius Companies Act 2001.

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¹ This information does not form part of the information audited by the Independent Auditor.

STATEMENT OF

RESPONSIBILITY BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

The Directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the Company including the Audit and Risk Committee report on pages 15 to 16, as well as the appendices on pages 46 to 48. The Annual Financial Statements have been prepared in accordance and comply with IFRS Accounting Standards (IFRS[®] Accounting Standards), as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Mauritius Companies Act 2001, and the Johannesburg Stock Exchange Limited (JSE) Listings Requirements and include amounts based on judgements and estimates made by management.

The Directors consider that having applied IFRS Accounting Standards in preparing the Annual Financial Statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS Accounting Standards that they consider to be applicable have been followed. The Annual Financial Statements fairly present the results of operations for the year, the financial position and cash flow position of the Company at year-end in accordance with IFRS Accounting Standards.

ARC Investments operates in an evolving control environment, which is appropriate in terms of the nature, scale and complexity of the Company. It is documented and will be reviewed annually as the business grows. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and that the risks facing the business are being controlled. These procedures support the operations of the ARC Fund, the primary investment in which the Company is a Limited Partner through the en commandite partnership agreement with UBI GP Co Proprietary Limited (UBI GP/the General Partner). The General Partner establishes governance processes, including through its Board, Investment Committee and Audit and Risk Committee.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the shareholders and Companies and Intellectual Property Commission. The examination of controls over the maintenance and integrity of the website is beyond the scope of the audit of the financial statements.

In the year under review, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred.

The going concern basis has been adopted in preparing the Annual Financial Statements. The Directors have no reason to believe that the Company would not be considered a going concern for the twelve-month period post approval of the annual financial statements, based on forecasts and available cash resources.

The Annual Financial Statements have been audited by the Company's independent auditors, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board, including those of the General Partner. The independent auditors were invited to attend and participate in all the Audit and Risk Committee meetings of the Company and the General Partner during the year under review. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The Annual Financial Statements were approved and authorised for issue by the Company's Board of Directors on 9 September 2024 and were signed on 10 September 2024 on its behalf by:



Mark Cyril Olivier
Chairman of the Board



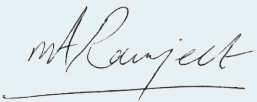
Clive Msipha
Chairman of the Audit and Risk Committee

CERTIFICATE BY

THE COMPANY SECRETARY

For the year ended 30 June 2024

The Company has lodged with the Registrar of Companies all such returns for the year ended 30 June 2024 as are required of the Company under the Mauritius Companies Act.



Mohsin Ahmed Ramjeet

For and on behalf of Intercontinental Trust Limited Company Secretary

10 September 2024

DECLARATION BY

THE CHIEF FINANCIAL OFFICER (CFO)

For the year ended 30 June 2024

ARC Investments does not have a CEO, the board has nominated the CFO of ARC Investments and CFO of Ubuntu-Botho Investments (Pty) Ltd (UBI) to sign the statement.

The CFO of ARC Investments and the CFO of UBI each hereby confirm that:

- The Company Annual Financial Statements set out on pages 19 to 45 fairly present in all material respects the financial position, financial performance and cash flows of African Rainbow Capital Investments Limited in terms of IFRS Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to ARC Investments has been provided to effectively prepare the financial statements;
- The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as Directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and
- We are not aware of any fraud involving Directors and other internal stakeholders.



Karen Bodenstein

*Chief Financial Officer
ARC Investments*

10 September 2024



Refloe Nkadameng

*Chief Financial Officer - UBI and ARC
Non-executive Director - ARC Investments*

10 September 2024

KEY HIGHLIGHTS

For the year ended 30 June 2024

PORTFOLIO HIGHLIGHTS



Significant advances in several early-stage assets leading to a maturing portfolio

- Over 80% of the portfolio is now contributed by mature and high growth investments.
- TymeBank achieved break-even in the month of December 2023, sustained profitability is expected in the coming months and it generated fair value gains of R1 181 million.
- Linebooker achieved break-even and generated fair value gains of R79 million.
- Rain meets its economic and customer service related targets, generating R2.5 billion EBITDA, resulting in fair value gain of R598 million.



Considerable synergy realisation through collaboration within the financial services ecosystem

- The integration of the Sanlam 3rd Party Asset Management and Absa Asset Management resulted in substantial scale benefits and cost savings.
- Sanlam and Alexforbes collaborations led to a substantial reduction of cost per member and improved client experience and capital management.
- Sanlam and Capital Legacy transactions drive value by leveraging off a strong balance sheet and an enhanced distribution capacity.
- Successful integration of Retail Capital into TymeBank and Retail Capital launched with GOtyme in the Philippines.



Portfolio pivot towards high-growth technological innovation

- High growth businesses now comprise 54% of the portfolio.
- TymeBank – 11.8% growth to 9.5 million customers and increased activity levels per customer.
- Tyme Global – grew customer base to 3.6 million within 18 months of launching GOtyme in the Philippines.

FINANCIAL PERFORMANCE



Intrinsic net asset value (INAV) increased by 21.5% to R18 616 million, comprises essentially an increase in equity through a rights issue of R750 million and a net gain of R2 671 million

(30 June 2023: R15 328 million)



INAV per share increased by 8.5% to R12.38

(30 June 2023: R11.41) in a sluggish economy



Debt in the Fund increased by 17.1% to R1 726 million

(30 June 2023: R1 473 million)



Major additional investments

- Additional investment in Rain and Tyme Group of R126 million and R169 million, respectively.
- Additional investment in ARCH Emerging Markets of R161 million.
- Investment of R143 million in ARCI shares, benefiting from the considerable discount compared to net asset value.
- Continued support of Kropz amounting to R602 million.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

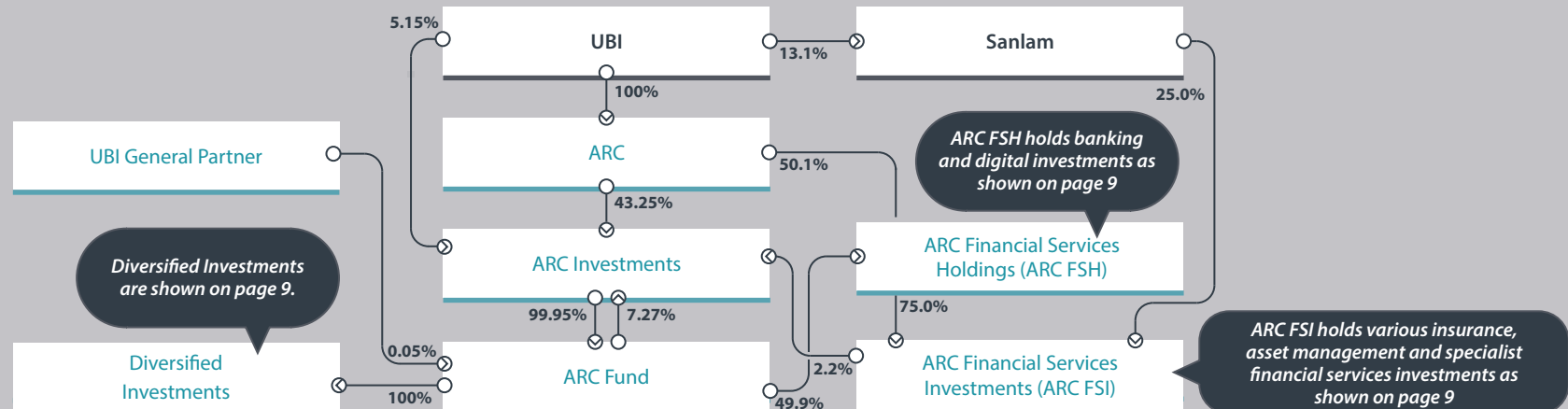
NATURE OF BUSINESS

ARC Investments is incorporated in the Republic of Mauritius and holds a Global Business Licence under the Mauritian Financial Services Act of 2007. It is regulated by the Mauritian Financial Services Commission and is primary listed on the JSE Limited with a secondary listing on A2X. ARC Investments is an investment holding company and focuses on being a broad-based, Black-controlled investment vehicle of significant scale, offering shareholders the opportunity to indirectly invest in a diversified portfolio of largely unlisted investments.

Group structure

ARC Investments is 43.25% owned by African Rainbow Capital Proprietary Limited (ARC), which in turn is 100% owned by Ubuntu- Botho Investments Proprietary Limited (UBI). UBI effectively owns 55.42% of ARC Investments. ARC Investments

is an investment holding entity, that holds 99.95% of the ARC Fund, which in turn makes use of the ARC Fund to invest in various investee entities. These investments are managed by UBI GP as the General Partner of the ARC Fund and earns a management fee. The board of UBI GP consists of seasoned and experienced individuals of whom further details will appear in the integrated report. The General Partner directs all the relevant activities of the ARC Fund and is therefore considered to have power over the Fund. The Company may remove the General Partner at the first annual general meeting after the seven-year term from the Listing Date, or at the first annual general meeting following each fifth anniversary thereafter. The General Partner management fee structure is based on the General Partner charging actual cost plus a 5% markup. The management fee for the year ended 30 June 2024 was R112 million (30 June 2023: R98 million).



The ARC Fund's investment strategy

The ARC Fund's strategic focus remained largely consistent - to grow the building blocks in Business Process Outsourcing, Telecoms, Agri and Banking & Fintech sectors through bolt-on acquisition and to work with investment partners to deliver synergies amongst relevant portfolio companies.

The ARC Fund invests with a medium- to long-term view in early-stage businesses that it believes will make a significant impact relative to incumbent market players.

The ARC Fund's investment portfolio includes a combination of mature, high-growth and early-stage investments. The portfolio comprises 32.6 % of mature assets, 54.7% of the high-growth assets and lastly, 12.7% of the early-stage assets. Our mature investments comprise 31 entities while, high-growth assets and early-stage investments comprise 9 entities each. Included in our high-growth investments are portfolio companies such as Tyme Bank Group, Rain, Linebooker and Capital Legacy.

The General Partner will continue implementing the portfolio rationalisation plans identified in prior years. Investments that no longer align with the longer-term ARC Fund investment strategy will be exited in the short to medium term.

Operating environment

Several key factors impacted the ARC Fund portfolio during the period under review, both positive and negative. The national election and establishment of the Government of National Unit (GNU), lower inflationary pressures and reduced levels of load

shedding have provided some reprieve and diminished the uncertainty faced in June 2023.

However, the prevailing high interest rate, high unemployment rate, falling levels of consumer spending and volatile foreign exchange environment created challenging trading conditions for some of our portfolio companies.

The diverse investment portfolio of ARCI has, however, shown remarkable resilience against this challenging macroeconomic environment. The difficult environment has also created opportunities that we believe our investment portfolio is ideally positioned to exploit.

Going concern

The financial statements have been prepared on a going-concern basis. The assets of the company, fairly valued, exceed its liabilities. The directors are of the opinion that the Company will continue as a going concern for the foreseeable future based on forecasts and available cash and borrowing resources.

Measurements of financial performance

In accordance with paragraph 3.4(b)(vi) of the JSE Listings Requirements, the Company confirms the use of net asset value per share and intrinsic net asset value per share for trading statement purposes. This is considered an appropriate measure given the nature of the business conducted by the Company and its core strategic objective, which is to grow net asset value per share.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

Performance highlights

The collective efforts of the management and investment partners resulted in excellent progress in early-stage investments in the current year. ARC Fund acquired investments amounting to R1 384 million, as part of its strategy to support the existing investments specifically in the financial services. These transactions included additional investments in Rain, Tyme Group, ARCH and Kropz.

The ARC Fund's net fair value gains amounted to R2 671 million. The main driver in these gains is an increase of R1 668 million from the Financial Services portfolio which was in turn driven by gains in Tyme Group, Alexforbes and Capital Legacy. From the Diversified Investment portfolio, the increase was in large as a result of fair value gains of R1 003 mainly driven by growth in the value of Rain, ARCI, CSG and Linebooker.

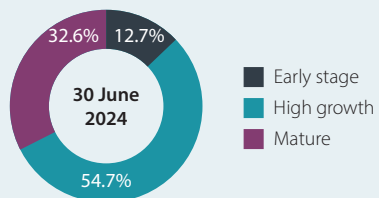
Rain's investment gains were largely as a result of the company achieving its forecast and progressing on its growth trajectory, coupled with a positive take-up of its rainOne product performance. Linebooker reached break-even in August 2023 and continues growing its customers base. These gains were largely offset by the delays and operational challenges faced by Kropz during the same period and the challenges faced by Autoboy.

Ongoing work with investment partners continues to deliver synergy benefits, which will create additional value in underlying businesses.

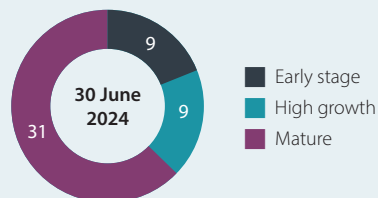
Narrowing the discount to Net asset value (NAV)

- In the past year we reported the focus of the group on fintech and digital assets, reducing the long tail, working with partners to realise synergies and collaborate for accelerated growth. These focus areas' results have been reported in the highlights and in various sections of the performance reports. Management and partners will continue to collaborate to realise synergies, creating win-win opportunities for all the partners. The tail of the portfolio has been reduced, with the top 12 investments now comprising 89.8% of the value of the portfolio.
- Portfolio valuations have been validated through the majority of unlisted disposals at values that are above the last reported fair values.
- The unlisted portion of the ARC Fund (including investments owned by the ARC Fund through ARC FSH) that is only accessible through ARC Investments, was 88.3% of the portfolio.
- Major investments that are in the high-growth sector have ability to attract new investors.
- ARC Fund received dividends of R152 million and ARC FSI received dividends amounting to R526 million mainly from Sanlam and Alexforbes.

Portfolio business stage analysis by fair value



Portfolio business stage analysis by number of companies



The Company's intrinsic investment value in the ARC Fund increased by 21.5% from R15 328 million at 30 June 2023 to R18 616 million at 30 June 2024. The R3 288 million increase in INAV comprises essentially R2 671 million of net fair value gains, R750 million

of new equity from a rights issue and funding of the net cost of operations. During the year under review, the Company's effective share of the invested assets (or the IPV) increased by 23.4%, from R16 363 million at 30 June 2023 to R20 189 million at 30 June 2024. The IFRS Net Asset Value (NAV) per share increased by 7.9% from R11.44 at 30 June 2023 to R12.34 at 30 June 2024. The lower increase in NAV per share was as a result of the increase in the number of shares through the right issue and performance participation.

Performance participation hurdle

The performance participation hurdle has been met in the current year. Consequently, a performance participation provision amounting to R154 million has been recognised in terms of IFRS2.

Performance analysis

For the year ended 30 June 2024

Investment in ARC Fund	Net Asset Value 30 June 23 R million	Net Investment R million	Net Increase/ (Decrease) in Net Asset Value R million	Net Asset Value 30 June 24 R million	Percentage change
Intrinsic portfolio value	16 363	1 155	2 671	20 189	23.4%
Cash in the ARC Fund	500	(1 096)	759	163	
Debt in the ARC Fund	(1 473)	(59)	(193)	(1 725)	
Other net assets/(liabilities) in the ARC Fund	(62)	–	51	(11)	
UBI GP fee payable	(61)	–	6	(55)	
Other assets (liabilities) in the ARC Fund	(1)	–	45	44	
Intrinsic Investment in the ARC Fund at FVTPL	15 328	–	3 288	18 616	21.5%

For the year ended 30 June 2023

Investment in ARC Fund	Net Asset Value 30 June 22 R million	Net Investment R million	Net Increase/ (Decrease) in Net Asset Value R million	Net Asset Value 30 June 23 R million	Percentage change
Intrinsic portfolio value	13 659	553	2 151	16 363	19.8%
Cash in the ARC Fund	669	(190)	21	500	
Debt in the ARC Fund	(975)	(363)	(135)	(1 473)	
Other net assets/(liabilities) in the ARC Fund	(111)	–	49	(62)	
UBI GP fee payable	(110)	–	49	(61)	
Other assets/(liabilities) in the ARC Fund	(1)	–	–	(1)	
Intrinsic Investment in the ARC Fund at FVTPL	13 242	–	2 086	15 328	15.8%

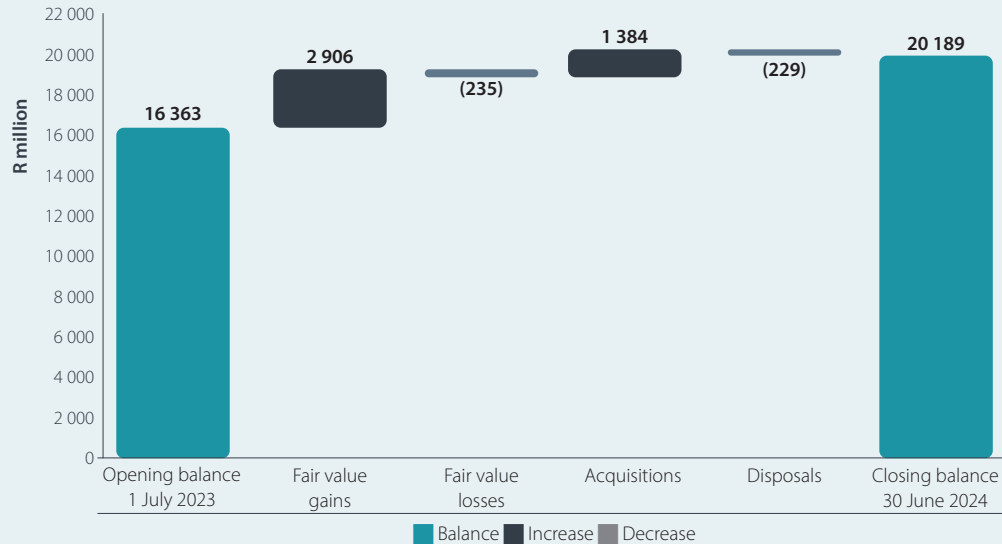
* FVTPL: Fair value through profit or loss

REPORT BY THE BOARD OF DIRECTORS

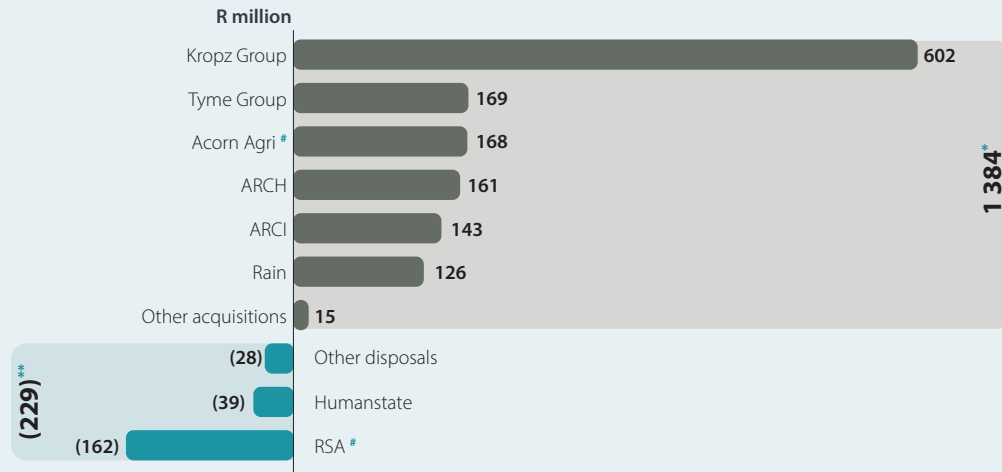
For the year ended 30 June 2024

During the year under review, ARC Investments, through the ARC Fund, effectively made acquisitions and disposals amounting to R1 384 million and R229 million respectively.

Intrinsic portfolio value movement from 1 July 2023 to 30 June 2024



ARC Investments' effective additions and disposals for the year ended 30 June 2024



* Effective additions.

** Effective disposals.

ARC Fund sold its share in RSA in exchange for Acorn Agri shares.

Significant acquisitions and disposals in the Diversified Investments Portfolio (through the ARC Fund)

Kropz Group

The ARC Fund invested an additional R602 million in the Kropz Group during the year. The capital was largely used to fund an operational cash flow shortfall at Elandsfontein resulting from a delay in the ramp-up of the Elandsfontein phosphate processing plant the balance of cash invested in Kropz Group was utilised to repay BNP as part of the quarterly repayment and the interest payments. The final BNP payment is due end of September 2024.

ARCH Emerging Markets Partners Limited

ARC Fund invested an additional R161 million into its partnership with ARCH Emerging Markets, which is a joint venture between JCH & Partners LLP and ARC Fund. R160 million was invested in the Cold Chain Solutions East Africa Fund (CCSEAF) and Africa Renewable Power Fund (ARPF). The balance of R1 million was invested in ARC Guernsey, ARCH Emerging Market Asset Manager.

Acorn Agri and Food and RSA*

During the year ARC Fund sold the majority of its shares in RSA in exchange for shares in Acorn Agri, which resulted in the increased shareholding in Acorn Agri from 9% to 21.4%. This is part of the strategy of increasing partnerships and realising synergies through the consolidation of assets in the portfolio.

ARCI Rights Issue

During the year, ARCI raised R750 million via a rights issue. ARC Fund, being the holder of shares in ARCI, followed its rights as well resulting in a R44 million investment. Additional ARCI shares were also bought directly from the market amounting to R99 million.

Tyme Group

During the year ARC Fund invested a total of R169 million in the Tyme Group.

Rain

During the year ARC Fund bought shares from some of the existing shareholders of Rain and invested funds in new ventures totalling R126 million.

Acquisitions and Disposals in the Financial Services Portfolio

The ARC Fund owns 49.9% of ARC FSH, a portfolio of banking and digital investments. The ARC Fund also owns directly and through its investment in ARC FSH an effective interest of 37.4% of ARC FSI, a portfolio of insurance, asset management and specialist financial services investments.

Tyme Group

During the year ARC FSH also invested a total of R174 million in Tyme Group.

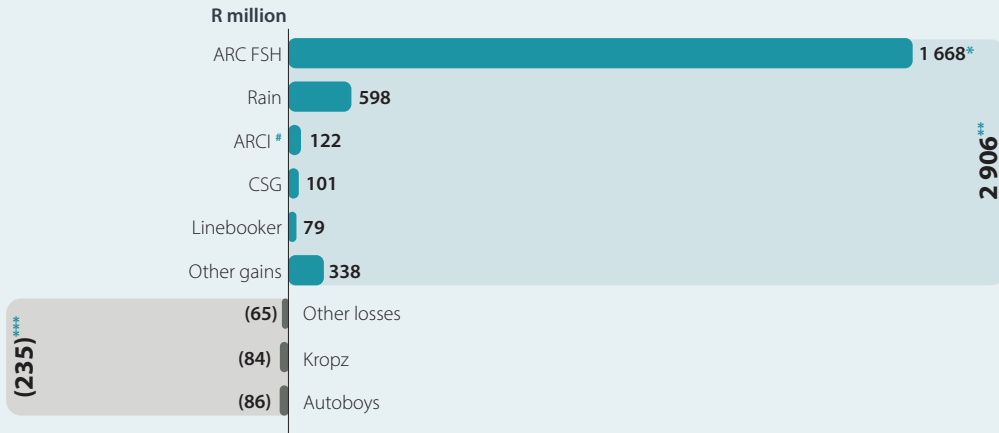
REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

Performance review for the year

The graph below indicates the fair value that occurred during the year under review. Due to the diverse nature of the portfolio, the negative performance of the assets in some sectors was more than offset by the positive performance in other sectors, resulting in a pleasing increase in the value of the INAV over the year.

Fair value gains and losses for the year ended 30 June 2024



* Denotes a listed entity classified as level 1 fair value hierarchy.

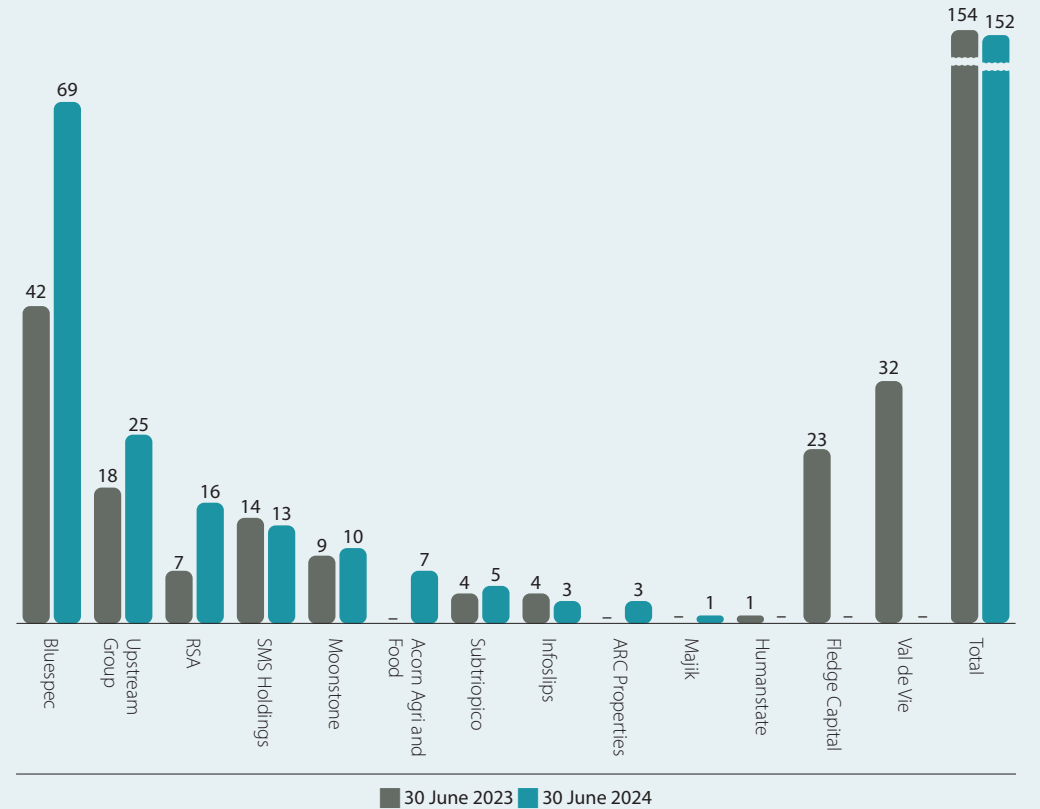
* The main contributors of ARC FSH fair value adjustments are Tyme Group (R1 046 million), Alexforbes (R390 million) and Capital Legacy (R168 million)

** Fair value gains.

** Fair value losses.

Dividend income

The Company's effective share in dividend income for the year under review decreased to R152 million (30 June 2023: R154 million) consisting of dividends from:



REPORT BY THE BOARD OF DIRECTORS

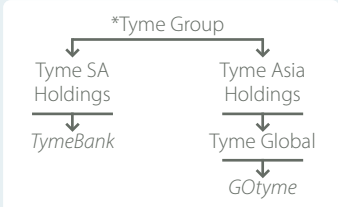
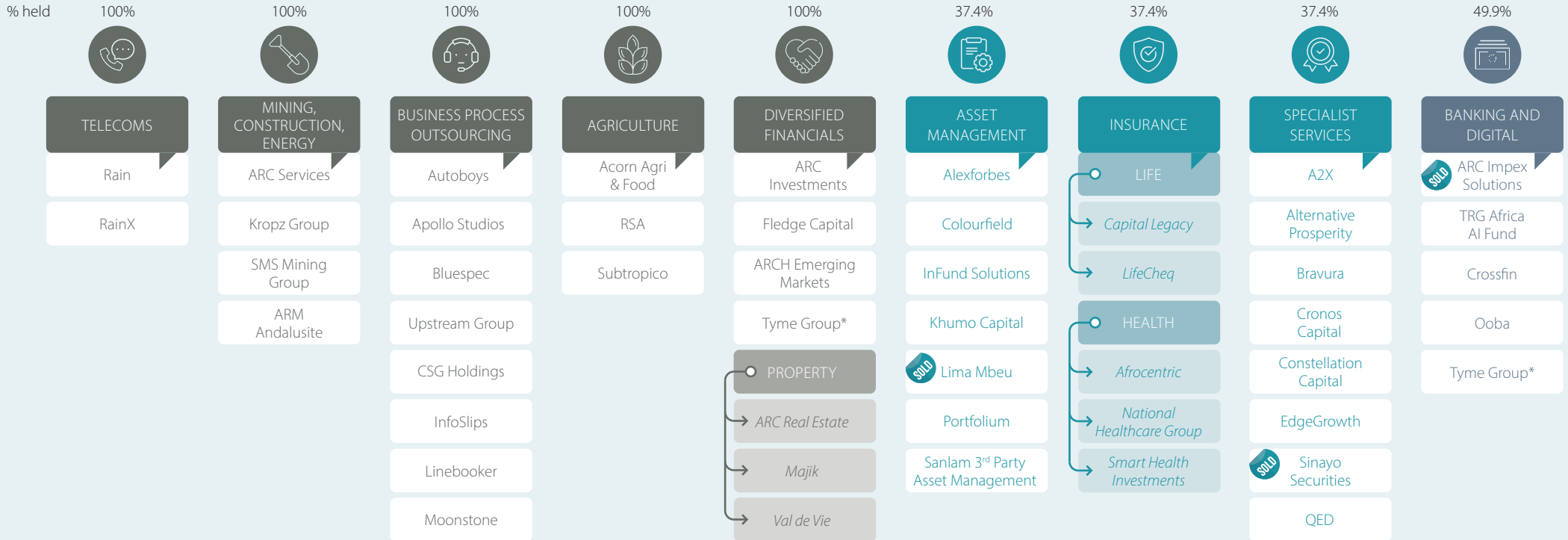
For the year ended 30 June 2024

A more detailed schedule of all the assets within the ARC Fund portfolio, indicating investment and disposal activities, as well as their performance is available on the Company's website at www.arci.mu.

OUR PORTFOLIO

DIVERSIFIED INVESTMENTS

FINANCIAL SERVICES



REPORT BY THE BOARD OF DIRECTORS

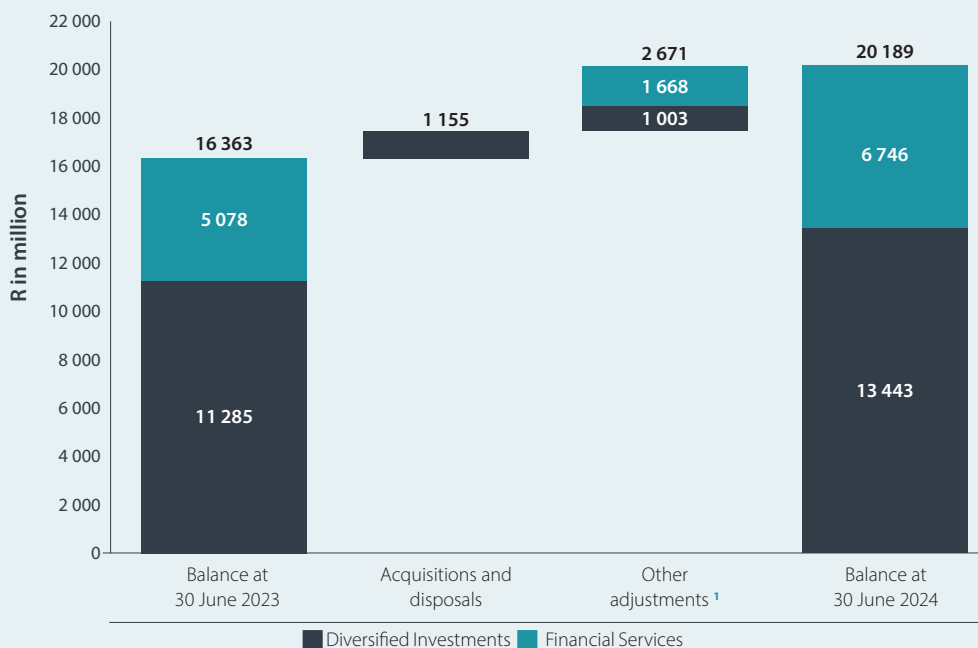
For the year ended 30 June 2024

Growth in IPV

PORTFOLIO DESCRIPTION AND REVIEW

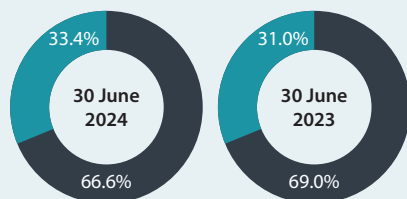
Below is a summarised view of the performance of the significant portfolio assets for Diversified Investments and Financial Services.

Portfolio movement per sector for the year ended 30 June 2024



¹ Fair value net of expected tax, cash flows, interest, forex movements and disposal gain/loss

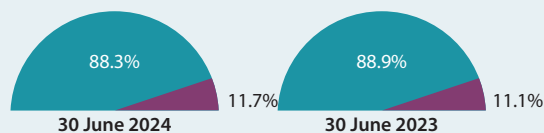
Investment segments



■ Diversified Investments ■ Financial Services

Listed and unlisted investments split

on a look through basis across the segments



■ Unlisted Investments ■ Listed Investments

Diversified Investments Portfolio – 66.6% of Fund Value (30 June 2023: 69.0%)

The Company's effective investment in the IPV of the Diversified Investments portfolio increased by 19.1% from R11 285 million at 30 June 2023 to R13 443 million at 30 June 2024.

R million	30 June 2023	30 June 2024	% of Fund value (30 June 2024)	% Increase/(% Decrease)
Telecommunications	4 516	5 240	26.0%	16.0% ▲
Diversified Financial Investments	2 239	2 892	14.3%	29.2% ▲
Mining, Construction and Energy	2 050	2 570	12.7%	25.4% ▲
Business Process Outsourcing	1 691	1 877	9.3%	11.0% ▲
Agriculture	789	864	4.3%	9.5% ▲
Total diversified	11 285	13 443	66.6%	19.1% ▲

Telecommunications – 26.0% of Fund Value (30 June 2023: 27.6%)

The Company has one investment in this portfolio, Rain.

Rain – 26.0% of Fund Value (30 June 2023: 27.6%)

Rain ranked first as the top-performing operator in the DataEQ/PwC Telecommunications Industry Index 2023. The company secured the number one position in both operational performance and public net sentiment, making it the only operator in the industry with a positive net sentiment. This achievement establishes Rain as South Africa's most liked network provider.

The introduction of rainOne, along with the 101™ 5G router, has significantly boosted Rain's growth. This, coupled with the business having moved beyond its most significant period of net cash outflows, has been a key factor in the increase in fair value of Rain's investment. In July 2024, Rain launched its standalone 4G mobile service and it continues to expand its coverage in various towns and major metros nationwide.

The company achieved its budgeted EBITDA of R2.5 billion for the year ended February 2024. Rain has solidified its position as an affordable data and mobile service provider and continues to experience substantial subscriber growth. While risks persist, Rain is well-positioned to manage them and further establish itself as a trusted brand in South Africa.

As of 30 June 2024, the valuation of the ARC Fund's shareholding in Rain increased by R598 million from June 2023, taking into account acquisitions of an additional R126 million.

Diversified Financial Investments – 14.3% of Fund Value (30 June 2023: 13.7%)

The Company's effective investment in Diversified Financial Investments increased by 29.2% or R653 million from R2 239 million at 30 June 2023 to R2 892 million at 30 June 2024. The increase is attributable to additional investments of R460 million and fair value increases of R193 million.

ARCH Emerging Markets – 4.1% of Fund Value (30 June 2023: 3.8%)

ARCH Fund of Funds has three active funds: the Africa Renewable Energy Fund (ARPF), the Cold Chain Solutions East Africa Fund ("CCSEAF") and the Sustainable Resources Fund (SRF). The Company's effective investment in ARCH Fund of Funds increased from R620 million at 30 June 2023 to R820 million at 30 June 2024. The ARC Fund has committed USD50 million towards the ARCH Funds. Of this commitment USD12.8 million remains to be drawn at 30 June 2024, USD3.18 million of which was contributed during the current year. Most underlying ARCH fund investments are still developing, so the fair value movement is mainly attributable to foreign exchange gains.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

The **CCSEAF** completed its first facility (15 000 pallets) in Nairobi in June 2023. The land acquisitions for the Kampala, Mombasa and Rwanda facilities were finalised, and ground has been broken to construct the next two 8 000 sqm facilities in these locations. Kazi Foods Logistics was acquired in Uganda in October 2023, and the Namanve Industrial Park land purchase was completed.

The **ARPF** achieved a final close in July 2021 at USD133 million, and the capital was 80% deployed at the end of Q4 2022. The team is actively working on achieving exits for the fund.

The **SRF** was launched in October 2021, with anchor investors providing the first USD25 million, with a further USD5 million committed in 2023. The fund capitalises on the new metals super cycle catalysed by the global transition to a greener economy. The fund's first investment was in Evolution, a vertically integrated manufacturer of high-value graphite products in Tanzania. Evolution recently signed an agreement with BTR New Material Group Co. Ltd., the world's leading battery anode producer, to secure offtake for approximately 90% of Evolution's graphite. The Fund's second investment, Giyani Metals in Botswana, aims to develop sustainable high-purity battery manganese to serve the electric vehicle market. The fund size target is USD150 million, which it aims to reach by December 2024.

ARC Investments – 3.8% of Fund Value (30 June 2023: 3.1%)

During the year under review, the value of the ARC Fund's effective investment in ARC Investments increased from R508 million at 30 June 2023 to R773 million at 30 June 2024, due to additional share purchases amounting to R99 million and a R44 million participation in the rights issue.

Fledge Capital Investments – 2.9 % of Fund Value (30 June 2023: 3.6%)

The Company's effective investment in Fledge Capital Investments remained consistent at R583 million at 30 June 2024, as significant revaluations are done annually and a marketability discount was introduced for the current valuation. Most assets are still in cash after the disposal of WeBuyCars, and new investments are performing well. Capital was deployed to acquire new investments, including USN, Protea Capital Management, Egdelf European Holdings and SMS Mining. Fledge disposed of its shareholding in Protea Capital Management in the period under review. Fledge is still investigating several opportunities for further investment that meet its return and investment criteria. Fledge Capital and ARC have continued their fruitful partnership, wherein ARC holds 51% shareholding in an investment vehicle, and Fledge Capital is 49% shareholder.

Tyme Group – 2.6% of Fund Value (30 June 2023: 1.9%)

The acquisition of shares in Tyme SA Holding and Tyme Group Africa was made to retain control of the bank and not dilute the group to below 50%.

Property – 1.0% of Fund Value (30 June 2023: 1.3%)

The Company's effective interest in Property investments decreased from R218 million at 30 June 2023 to R192 million at 30 June 2024.

Majik Investments held an investment in Regional REIT Ltd (RGL), a company listed on the London Stock Exchange. The company distributed the investment to shareholders as a settlement for outstanding loans. The share price of RGL decreased during the year.

The continued favourable demand for Val de Vie and Val de Vie Evergreen's properties has prompted Val de Vie to include additional units. This has resulted in a marginal increase in expected development profits, offset by the increase in South African risk-free rates.

Mining, Construction And Energy – 12.7% of Fund Value (30 June 2023: 12.5%)

The Company's effective investment in Mining, Construction and Energy increased by R520 million from R2 050 million at 30 June 2023 to R2 570 million at 30 June 2024, mainly due to a further R602 million investment in Kropz Plc.

Kropz Plc – 12.1% of Fund Value (30 June 2023: 11.7%)

Kropz Plc is an emerging African phosphate developer that owns two phosphate assets, Elandsfontein on the West Coast of South Africa and Cominco in the Republic of Congo. The fundamentals of the fertiliser and phosphate markets remain robust, driven by the strategic need to feed a growing global population from limited agricultural resources. The value of Elandsfontein and Cominco at 30 June 2024 was determined using a discounted cash flow model and amounted to R2 437 million (30 June 2023: R1 919 million).

While Elandsfontein has proven its ability to produce saleable phosphate rock, performance has been inconsistent. The variability of the ore deposit complicates processing and continues to create problems for operational stability. Elandsfontein has yet to achieve break-even production volumes.

The ARC Fund continued supporting the project and injected an additional R602 million of capital into Kropz over the period. Much of this capital was used to repay debt owed to external parties.

Other mining assets – 0.7% of Fund Value (30 June 2023: 0.8%)

The Company's effective investment in ARC Services increased from R131 million at 30 June 2023 to R133 million at 30 June 2024. ARC Services supplies bulk commodities in the mining, construction, infrastructure, and engineering space. These investments are performing in line with expectations and are being supported and incubated for future growth.

ARC Fund also holds 7.5% of the SMS Group. The Group's realised profits for the 2024 financial year substantially exceeded its budget, and it has delivered significant dividends to date. We expect to recoup the full cost of the investment in the short term.

Business Process Outsourcing (BPO) – 9.3% of Fund Value (30 June 2023: 10.3%)

The Company's effective interest in Business Process Outsourcing investments increased by 11.0% from R1 691 million at 30 June 2023 to R1 877 million at 30 June 2024.

Bluespec – 2.8% of Fund Value (30 June 2023: 3.1%)

The Company's effective investment in Bluespec increased by 9.5% from R515 million at 30 June 2023 to at R564 million at 30 June 2024. The group continues to grow across most key value drivers, increasing volumes, new clients, and market share. Bluespec has achieved impressive growth in assessment volumes and is expanding its national footprint while maintaining a healthy balance sheet and dividend levels.

Linebooker -2.1% of Fund Value (30 June 2023: 2.2%)

Linebooker is South Africa's largest online freight platform. The Company's effective interest in Linebooker increased by 22.2% from R355 million at 30 June 2023 to R434 million at 30 June 2024. The increase in value was driven by the company's robust performance and strong pipeline of new clients. The company has grown exponentially and achieved its first profitable financial year ending May 2024. Linebooker has also recently launched its latest service offering to the bulk logistics sector, representing a significant growth avenue given the market size.

Other BPO investments – 4.4% of Fund Value (30 June 2023: 5.0%)

The Company's effective interest in the other BPO investments increased from R821 million at 30 June 2023 to R879 million at 30 June 2024. Other significant BPO investments include Upstream, Moonstone, CSG, Apollo Studios, Infoslips, ARC Cloud, Gemcap and Autoboy's.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

Agriculture – 4.3% of Fund Value (30 June 2023: 4.8%)

The Company's effective interest in the Agriculture investments increased by 9.5% from R789 million at 30 June 2023 to R864 million at 30 June 2024.

Acorn Agri and Food – 2.1% of Fund Value (30 June 2023: 1.3%)

Acorn Agri and Food (AAF) is a vertically integrated agriculture and food group. The Company's effective investment in AAF increased in value from R215 million at 30 June 2023 to R428 million at 30 June 2024. During the period, the ARC Fund disposed of a portion of its investment in RSA to AAF for additional AAF shares, increasing its shareholding from 12.8% to 21.4%.

AAF delivered a strong performance across its investment portfolio companies. Coupled with the continued growth momentum, AAF unlocked capital from its portfolio companies to fund share buyback programmes and shareholder dividends. The ARC Fund received an R7.7 million dividend from AAF over the period under review.

Other Agriculture – 2.2% of Fund Value (30 June 2023: 3.5%)

Subtropico – 1.3% of Fund Value (30 June 2023: 1.2%)

Subtropico's revenue and sustainable profits have steadily increased year-on-year, leading to an increase in Subtropico's valuation. The major drivers of the growth are higher fresh produce prices in South Africa and increased livestock volumes on auctions for the Weisentraal business unit.

RSA – 0.9% of Fund Value (30 June 2023: 2.3%)

RSA delivered substantial revenue and EBITDA growth for the 12 months ending June 2024. The company continues to grow its market share in the local municipal and regional markets.

Financial Services Portfolio – 33.4% of Fund Value (30 June 2023: 31.0%)

The Company's effective interest in the gross IPV of the Financial Services portfolio increased from R5 738 million at 30 June 2023 to R7 401 million at 30 June 2024, which presents a 29.0% increase year-on-year, as detailed in the table below. The net IPV of the Financial Services portfolio, considering ARC Investments' indirect share of the debt funding and other assets and liabilities in the structure, increased by 32.8% from R5 078 million at 30 June 2023 to R6 746 million at 30 June 2024. The increase in the net IPV resulted mainly from ARC Investments' share of the fair value gains in the Financial Services portfolio.

	30 June 2023	30 June 2024	% of Fund value (30 June 2024)	% Increase/(% Decrease)
R million				
Banking & Digital	3 254	4 408	21.8%	35.5% ▲
Insurance and Asset Management	2 207	2 642	13.1%	19.7% ▲
Specialist Financial Services	277	351	1.7%	26.7% ▲
Total Financial Services Portfolio	5 738	7 401	36.7%	29.0% ▲
Other net assets	102	76	0.4%	(25.5%) ▼
Other Non-current Liability	(762)	(731)	(3.6%)	(4.1%) ▼
Total IPV of the financial service portfolio	5 078	6 746	33.4%	32.9% ▲

Banking and Fintech – 21.8% of Fund Value (30 June 2023: 19.9%)

The Company's effective interest in the ARC FSH's investments in Banking and Fintech increased by 35.5% from R3 254 million at 30 June 2023 to R4 408 million at 30 June 2024, with Tyme Group as the key asset.

Tyme Group- 19.4% of Fund Value (30 June 2023: 17.1%)

The Company's effective investment in the Tyme Group increased by 40.6% from R2 792 million at 30 June 2023 to R3 925 million at 30 June 2024. The Tyme Group has continued to show exceptional growth. The valuations of TymeBank and Tyme Global were adjusted at 30 June 2024 to reflect the Series C capital raises concluded for both companies.

TymeBank is a leading digital bank with the largest cash-in and cash-out network in South Africa, thanks to its extensive retail partnership network with Pick n Pay, Boxer, and The Foschini Group (TFG). TymeBank has shown strong customer acquisition, surpassing the 9.5 million customer milestone this year with increasing activity per customer. Deposits have grown by 59% to R6.5 billion, and merchant credit advances have steadily risen to around R1.8 billion as at 30 June 2024. The full range of banking products offers excellent value to customers, giving the bank many levers for growth. The operational leverage provided by technology is clear - net operating income tripled year-on-year while costs increased by 10%. TymeBank reached breakeven in December 2023, and sustained profitability is expected in the coming months.

Tyme Global is a holding company based in Singapore. It is the platform through which multi-country banks are being launched. GOtyme in the Philippines was launched in November 2022. By June 2024, GOtyme had achieved a milestone of 3.58 million customers. The growth trajectory of the model is strong, with activity rates exceeding those of South Africa and deposits growing faster than anticipated. GOtyme is currently ranked #6 in the country in terms of EFT transfer and QR payment volumes. The Retail Capital Merchant Cash Advance product was introduced in November 2023, and in June 2024, GOtyme Bank acquired Savii, a payroll lender in the Philippines, to leverage the growing deposit base. The bank is expected to reach profitability in Q4 of 2025. In Vietnam, the third country in the expansion plan, the merchant cash advance product is being piloted as the company progresses through the contracting stages with in-country partners. Tyme Global has also announced that it will enter Indonesia before the end of 2024. We are very excited about the prospects of Tyme Global as the vision of building a multi-country digital bank at scale is becoming a reality.

Crossfin – 1.3% of Fund Value (30 June 2023: 1.6%)

Crossfin is a leading independent Fintech group operating predominantly in South Africa. It owns stakes in Ikhokha, Adumo Payments, Sybrin, and Akelo. The Company's effective investment in Crossfin increased from R263 million at 30 June 2023 to R271 million at 30 June 2024. Management is positioning some of its investments for sale in the medium term to realise value for shareholders, with the most recent exit being the sale of Adumo to listed Fintech company Lesaka Technologies in May 2024.

Other Banking and Fintech investments – 1.1% of Fund Value (30 June 2023: 1.2%)

Other Banking and Fintech investments include Ooba and the TRG Africa AI Fund. The Company's effective investment in these increased from R194 million at 30 June 2023 to R212 million at 30 June 2024.

Insurance and Asset Management – 12.7% of Fund Value (30 June 2023: 13.4%)

The Company's effective interest in the Insurance and Asset Management investments increased from R2 207 million at 30 June 2023 to R2 642 million at 30 June 2024. This was mainly attributable to fair value gains relating to Alexforbes and Capital Legacy. ARC Fund owns 49.9% of ARC FSH, which in turn owns 75% of ARC FSI's investments. ARC FSI holds the assets in the insurance and asset management portfolio and specialised financial services.

Alexforbes – 6.9% of Fund Value (30 June 2023: 7.0%)

ARC FSI owns 42.3% of the listed company, Alexander Forbes Group Holdings Limited. ARC will continue to play an appropriate role in the investment in terms of strategy, acquisitions and people. The share price performed exceptionally well during the review period, resulting in a net fair value gain of R777 million being recognised. ARC FSI received dividends from Alexforbes amounting to R264 million.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

Capital Legacy – 2.9% of Fund Value (30 June 2023: 2.7%)

Capital Legacy is one of the largest estate administrators in South Africa. Its key differentiator is the insurance product it offers relating to estate administration. The Company's effective investment in Capital Legacy increased from R437 million at 30 June 2023 to R605 million at 30 June 2024. Capital Legacy has continued to show exceptional growth, resulting in a net fair value gain of R168 million being recognised.

Sanlam's 26% investment in Capital Legacy and Capital Legacy's acquisition of 100% of the Sanlam Trust business were implemented on 1 August 2023. The transaction aims to unlock substantial synergies between Sanlam and Capital Legacy regarding capital, insurance, and distribution opportunities.

Sanlam Third-Party Asset Management Business (SIHH) – 1.8% of Fund Value (30 June 2023: 2.2%)

ARC FSI holds a 25.0% interest in SIHH. The Company's effective investment in SIHH decreased marginally from R364 million at 30 June 2023 to R357 million at 30 June 2024. ARC FSI will continue to position itself competitively and support Sanlam management in seizing growth opportunities that benefit both Sanlam and ARC FSI shareholders. The SIHH investment delivered pleasing results during its financial year to 30 June 2024. ARC FSI received dividends from SIHH amounting to R206 million.

Other Insurance and Asset Management – 1.1% of Fund Value (30 June 2023: 1.6%)

The Other Insurance and Asset Management portfolio investments include Afrocentric, Colourfield, Khumo Capital, QED, Smart Health Investments, Infund Solutions, LifeCheq, National Health Solutions, Lima Mbeu and Global ASP. The Company's effective investment in the portfolio decreased marginally from R267 million at 30 June 2023 to R250 million at 30 June 2024.

Specialist Financial Services – 1.7% of Fund Value (30 June 2023: 1.6%)

The Company's effective interest in the Specialist Financial Services investments increased from R277 million at 30 June 2023 to R350 million at 30 June 2024. The investments in this portfolio include ARC Investments, Optasia, GoSolr, A2X, Constellation Capital, Edge Growth, Alternative Prosperity and Bravura.

Governance and Leadership

ARC Investments is managed and controlled in Mauritius by an experienced, multi-national Board of Directors (the Board), of which the majority are independent. The Board has final oversight and responsibility in respect of ARC Investments' business, strategy and key policies, including the investment in the ARC Fund. There are no executive directors on the Board of ARC Investments.

ARC Investments is the only Limited Partner in the ARC Fund. It plays no role in the management or investment decisions of the ARC Fund.

The Board of Directors of the Company as at the reporting date comprised (unchanged from the prior year):

Name (age)	Nationality	Function
Mark Cyril Olivier (55)	British	Independent Non-executive Director (Chairperson)
Clive Msipha (42)	Zimbabwean	Independent Non-executive Director (Chairperson of Audit and Risk Committee)
Anil Currimjee (62)	Mauritian	Independent Non-executive Director
Renosi Mokate (66)	South African	Independent Non-executive Director
Mmamodiane Refiloe Nkadameng (43)	South African	Non-executive Director
Smitha Algoo-Bissonauth (40)	Mauritian	Independent Non-executive Director

All the investment decisions of the ARC Fund are taken by the General Partner through the Board or its Investment Committee or, subject to the terms of any delegations in place, its Investment Advisory Committee. The ARC Fund's relationship with the General Partner is governed through a Partnership Agreement. The Company's Investment Guidelines have been adopted by the General Partner's Investment Committee in its charter.

The General Partner Board is responsible for general investment decisions, strategic and financial reviews of the ARC Fund and management of the pipeline and liquidity of the ARC Fund. It will provide representation on the boards of portfolio companies (where appropriate), prepare valuation reports to ARC Investments and provide general feedback to ARC Investments on matters relating to the ARC Fund.

REPORT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2024

The Board of Directors of the General Partner as at the reporting date comprised:

Name (age)	Function
Patrice Motsepe (62)	Non-executive Director (Chairperson)
Alexander Maditsi (61)	Non-executive Director
Michael Arnold (66) ¹	Non-executive Director
Thomas Boardman (74) ^{2,3}	Non-executive Director
Boipelo Lekubo (41)	Non-executive Director
Tsundzukani Mhlanga (42)	Non-executive Director
Johan van der Merwe (59)	Executive Director
Johan van Zyl (68)	Non-executive Director

¹ Resigned on 07 December 2023

² Appointment 07 December 2023

³ Tom Boardman is the Chairman of the Investment Committee and the Audit and Risk Committee.

Events after the reporting period

Kropz Group

Subsequent to year-end, the ARC Fund advanced an additional R140 million loan to Kropz Elandsfontein from a new R140 million loan facility that was approved in July 2024.

Kropz Group restructuring

Kropz Plc is the process of implementing a restructuring of the Kropz Group. As part of the restructuring exercise, intercompany debt and certain loans between Kropz Plc, its subsidiaries and the ARC Fund are being converted to equity and new convertible loan notes.

In addition, Kropz Plc is undertaking fundraising to provide Kropz Elandsfontein with additional funds to progress the ramp-up of operations, start early works at Cominco, and settle the maturing external debt. The Kropz Plc fundraising will be conducted at an issue price of 1.387 pence per new ordinary share in Kropz Plc by way of a conditional subscription with the ARC Fund and a retail offer via the REX platform to raise an aggregate GBP 8.9 million (ZAR 209 million), before expenses. The ARC Fund has underwritten the full capital raise amount to provide funding certainty. The ARC Fund will also follow its rights and directly invest R66 million into Kropz Elandsfontein.

Rain

The ARC Fund made an additional investment of R160 million in Rain during August 2024. The shares were acquired from another shareholder.

RMB Credit Facility

The ARC Fund amended its Credit Facility with RMB during August 2024. The facility increased from R1.5 billion to R2 billion and will mature during August 2027. R300 million was drawn from the amended facility during August 2024.

ARC FSH

ARC FSH agreement was signed on 30 August 2024, which resulted in Sanlam Life acquiring a 25% interest in ARC FSH for a cash consideration of R2.4 billion and disposal of its 25% shareholding in ARC FSI, with a value of R1.5 billion, to ARC FSH in exchange for shares to the same value in ARC FSH. Refer to the [SENS announcement](#) published on 02 September 2024.

ARC Fund agreed to sell its shares in Tyme Group to ARC FSH. Following completion of the transactions, the ARC Fund will receive R1.3 billion in cash.

Tyme Group

ARC FSH paid R136 million as part of its second tranche of the Series C+ Capital raise at the end of July 2024.

BASIS OF PREPARATION

Statement of compliance

The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE Limited; and the requirements of the Mauritian Companies Act 2001, insofar as applicable to a Global Business Licensed Company under the Mauritian Financial Services Act, 2007, which is regulated by the Mauritian Financial Services Commission.

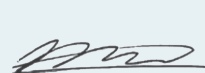
The statutory financial statements are available for inspection at Level 3 - Alexander House, 35 Cybercity, Ebené, 72201.

The accounting policies applied in the preparation of the Annual Financial Statements are consistent with those applied in the Company's 30 June 2023 Annual Financial Statements.

Any forward-looking statements have not been reviewed nor reported on by the Company's external auditors.

APPROVAL

The Annual Financial Statements for the year ended 30 June 2024 were approved in Mauritius by the Board of Directors of the Company on 9 September 2024 and signed on 10 September 2024.



Mark Cyril Olivier
Chairman of the Board



Clive Msipha
Chairman of the Audit
and Risk Committee



Karen Bodenstern
Chief Financial Officer

REPORT OF THE AUDIT AND RISK COMMITTEE

For the year ended 30 June 2024

ARC Investments has been in existence for seven years. The report by the Audit and Risk Committee (A&RC), which is chaired by Mr Clive Msipha, is presented below.

The main objective of the A&RC is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition, the A&RC assesses the independence and effectiveness of the external auditors. This report aims to provide details on how the A&RC has satisfied its various statutory obligations during the year. It also details some of the significant matters that arose during the year under review and how these have been responded to ensure the integrity of the Company's financial reporting. As indicated in the report by the Board of Directors, the A&RC of the Company leverages the strong and robust governance processes followed by the General Partner in the ARC Fund, whose members are instrumental in the sound functioning of the *en commandite* partnership in which the Company has a 99.95% partnership interest.

COMPOSITION AND GOVERNANCE

Members of the Committee satisfy the requirements to serve as members due to their non-executive and independent designation in the governance structures of the Company, which are in compliance with the principles of the King Report on Corporate Governance for South Africa (King IV). In addition, the members have adequate knowledge and experience to carry out their duties.

The Committee meets three times a year (seven times a year for the General Partner), including the meeting to approve the Integrated Annual Report at the end of September. Its responsibilities are itemised in the sections that follow.

The composition of the Committee and the attendance at the meetings by its members for the activities of the 2024 financial year are set out below:

Name	Attendance*
Clive Msipha (Chairman)	3/3
Anil Currimjee	3/3
Renosi Mokate	3/3
Smitha Algoo-Bissonauth	3/3

* Meeting dates: 28 September 2023, 11 March 2024 and 9 September 2024.

The composition and attendance of meetings of the A&RC at the General Partner is as follows:

Name	Attendance*
Tom Boardman (Chairman)	7/7
Alexander Maditsi	7/7
Michael Arnold	2/7
Boipelo Lekubo	5/7
Tsundzukani Mhlanga	6/7

* Meeting dates: 21 September 2023, 23 November 2023, 21 February 2024, 29 February 2024, 23 May 2024, 21 August 2024 and 29 August 2024.

The executive management and representatives of the external auditors are invited to attend all A&RC meetings of both the Company and General Partner to provide the Committees with greater insight into specific issues or areas. The Chairpersons of the A&RC of the Company and the General Partner regularly engage with management to discuss relevant matters directly, over and above the closed sessions at the interim and year-end reporting periods. The Company and General Partner's external auditors have direct access to the Committees, over and above closed sessions without management at every meeting, on any matter that they regard as relevant to the fulfilment of the Committees' responsibilities.

RESPONSIBILITIES OF THE A&RC

The A&RC of the Company and the General Partner were constituted on 7 September 2017. Their duties and responsibilities have been accordingly delegated to them by the Board of Directors. The charters of the Committees were reviewed during the year under review and necessary amendments were adopted to align to recent changes in regulations stemming from the JSE and the Global Business Licensing conditions as issued by the Mauritian Financial Services Commission, as well as the maturing of the Company and the ARC Fund.

Its functions, inter alia, are as follows:

Governance and Internal Control Environment

- Reviewed and continued to monitor the implementation of the charters of the A&RC as well as governance matters as delegated by the Board of Directors to ensure these were adequately covered in the annual work plan of the Committee during the year;
- Reviewed and continued to monitor the non-audit services policy and the level of non-audit services rendered by the Company and ARC Fund's external auditor to ensure appropriate safeguards are in place where the external auditor performs non-audit services to the Company and its related entities;
- Received assurance that proper and adequate accounting records were maintained and the systems safeguard the assets against unauthorised use or disposal;
- Reviewed an assessment prepared by management of the going concern status of the Company (and the ARC Fund) and made recommendations to the Board. The Committee concurs that the adoption of the going concern premise in the preparation of the Annual Financial Statements is appropriate;
- Reviewed the funding, financial and general covenants applicable to the Company (and the ARC Fund), as well as the current capital structures, which were found to be appropriate and complied with;
- Evaluated and reported to the Board on the effectiveness of risk management controls and governance processes;
- Evaluated the experience and expertise of the Chief Financial Officer and the strength of the skillset of the finance team;
- Evaluated the competence, qualification and experience of the Company Secretary;
- Considered the representation letter from the A&RC of the General Partner on the execution of its duties as the General Partner under the Partnership Agreement and those arising from the A&RC Charter of the General Partner, as well as other reporting matters requested by the A&RC of the Company.
- Reviewed the results of the audit committee assessments and considered the outcomes.

REPORT OF THE AUDIT AND RISK COMMITTEE

For the year ended 30 June 2024

External Auditors

- Determined the terms of engagement and fees to be paid to PricewaterhouseCoopers (for JSE reporting); ensured that the appointment of PricewaterhouseCoopers complied with the legislation relating to the appointment of auditors;
- Considered the tenure of PricewaterhouseCoopers and the engagement partner and deemed it appropriate;
- Understood and assessed the procedures performed by PricewaterhouseCoopers as detailed in their Audit Planning report to the A&RC and further confirmed this in their Final Report to the A&RC;
- Reviewed the external auditors' report on the year-end audit and the key audit matters;
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan;
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no unresolved matters;
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Financial Reporting Act, 45 of 2004 of Mauritius;
- Reviewed all decision letters and explanations issued by the Independent Regulatory Board for Auditors or any other regulator, and any summaries relating to monitoring procedures or deficiencies (if applicable) issued by the audit firm to confirm the suitability for appointment of the audit firm and the designated individual partner, Mr John Li How Cheong;
- Nominated the re-appointment of PricewaterhouseCoopers for the statutory Mauritius reporting for JSE reporting as the registered independent auditor, after satisfying itself through enquiry that PricewaterhouseCoopers is independent as defined in terms of the Mauritius Companies Act 2001 and Financial Reporting Council in Mauritius; and
- Nominated the appointment of Mr John Li How Cheong, as the engagement partner, after satisfying itself through enquiry that Mr John Li How Cheong is independent as defined in terms of the Mauritius Companies Act 2001 and Financial Reporting Council in Mauritius. The Committee has requested and evaluated the information detailed in paragraph 3.84(g)(ii) of the JSE Listings Requirements.

Financial Reporting

- Reviewed the half-year and year-end detailed valuations and Investment Reporting from the General Partner to satisfy itself of the valuation of the Investment Portfolio in the reported results;
- Reviewed and recommended the condensed interim and annual results; short form announcement and advertisement for interim and annual results; and the Annual Financial Statements to the Board for approval;
- Considered the appropriateness of the accounting policies adopted and changes thereto;
- Considered accounting treatments, significant unusual transactions and key accounting judgements;
- Confirmed the existence of appropriate financial reporting procedures and that those procedures are operating; and
- Reviewed and recommended the Integrated Annual Report to the Board for approval.
- Reviewed the content of the JSE's annual proactive monitoring report, including specific considerations in the preparation of financial statements.

Based on the above, the Committee formed the opinion that there were no material breakdowns in internal control, including financial control, business risk management and maintenance of effective material control processes. The A&RC is satisfied with the experience and expertise of the Chief Financial Officer; and the competence, qualification and experience of the Company Secretary.

The A&RC reviewed and approved all non-audit services performed by the external auditor, as well as the value and scope of the non-audit services during the year, ensuring that only those non-audit services that do not affect their independence and entail skills and experience that make them the most appropriate suppliers were approved during the year.

In the context of the rule IRBA has issued prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation with effect from 01 April 2023. The rule has been set aside by the Supreme Court of Appeal. The judgement means that companies are no longer required to appoint new audit firms every ten years.

MATERIAL AUDIT MATTERS

The A&RC has considered the appropriateness of the key audit matters reported in the external audit opinion and the significant audit matters relating to the Annual Financial Statements and how these were addressed by the Committee.

Material Audit Matter	Manner addressed by the Audit and Risk Committee
Valuation of unlisted investments	<p>The investment guidelines that were adopted upon listing of the Company on 7 September 2017 were reviewed in the current year and the A&RC of the Company concluded no further revision was required. In the prior year, these were also adopted by the Investment Committee of the General Partner and guidelines given on the investment portfolio valuation and reporting processes.</p> <p>As discussed above, the A&RC also reviewed the accounting policies of the Company, with a particular focus on the fair value requirements arising from IFRS 13, Fair Value Measurement.</p> <p>Over the course of the financial year, management reported to the A&RC on the valuation models that formed the basis of the half-yearly reporting and supported the valuation of the Intrinsic Portfolio Values arrived at with a detailed valuation report on each portfolio company.</p> <p>The processes, key areas of judgement and outcomes were deemed to be appropriate.</p>

The A&RC has further considered the remaining significant judgements and sources of estimation uncertainty as articulated in the accounting policy note and is satisfied that appropriate judgements have been made and adequate processes followed. The A&RC recommended the Annual Financial Statements for the year ended 30 June 2024 for approval to the Board. The Board has approved the Annual Financial Statements, which will be open for discussion at the forthcoming Annual General Meeting of shareholders.



Clive Msipha

Chairman of the Audit and Risk Committee

10 September 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of African Rainbow Capital Investments Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of African Rainbow Capital Investments Limited (the "Company") as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of African Rainbow Capital Investments Limited set out on pages 19 to 45 comprise:

- the statement of financial position as at 30 June 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Fair value measurement of the unlisted investment in the African Rainbow Capital Fund (ARC Fund)</p> <p>Refer to the following accounting policies and notes to the financial statements for disclosures as they relate to the key audit matter:</p> <ul style="list-style-type: none"> • Note 4.1 to the financial statements which discloses the segmental portfolio movements at 30 June 2024; • Note 3.1 to the financial statements which deals with the valuation methodologies; • Note 5 to the financial statements. <p>The Company holds a 99.95% interest as a single investment in the ARC Fund, an en-commandite partnership established in South Africa, in its capacity as a Limited Partner. The ARC Fund invests in several listed and unlisted investments.</p>	<p>Our audit addressed the key audit matter as follows:</p> <ul style="list-style-type: none"> • We assessed the competence, capabilities and objectivity of management experts by performing the following procedures through obtaining an understanding of their work and media search of their qualifications. • With the assistance of our valuation experts, we evaluated the appropriateness of the valuation methodologies applied against industry available information and IFRS Accounting Standards requirements for consistency. • We made use of our valuation experts and we evaluated the significant assumptions used in determining the discounted cash flow, which included an independent comparison to industry norms and evaluation of the discount rates applied based on the markets in which the investee entities operate, and taking into account the nature of the individual entities.

Key audit matter	How our audit addressed the key audit matter
<p>This investment in the ARC Fund is measured at fair value through profit or loss. Fair value is principally derived from the fair value of the underlying listed and unlisted investments held by the ARC Fund and adjusted for the fair value of the components of the other net assets of ARC Fund.</p> <p>As disclosed in note 4.1 to the financial statements, the fair value of the Company's interest in the unlisted investments that are held by the ARC Fund at 30 June 2024 is R19 379 million.</p> <p>The fair values of the unlisted investments, as determined by UBI General Partner (Pty) Ltd (the "General Partner"), are valued primarily using either an income approach (IA) or a market approach (MA) valuation methodology or a combination of the two approaches. The discounted cash flow (DCF) is the preferred income approach methodology applied. In applying a market approach valuation methodology, an appropriate trading multiple or comparable transaction is selected, depending on the specific underlying investment being valued.</p> <p>We considered the fair value of the underlying unlisted investments in the ARC Fund to be a matter of most significance to the current year audit due to:</p> <ul style="list-style-type: none"> • the magnitude of the unlisted investments in relation to the financial statements; and • the degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments held by the ARC Fund. 	<ul style="list-style-type: none"> • For a sample of unlisted investments, we independently recalculated the fair values, by utilising the inputs and assumptions referred to above, in accordance with the discounted cash flow approach, and compared management's valuations to the amounts we calculated. • On a sample basis, we evaluated the reasonableness of the terminal growth rates and valuation adjustments applied to the forecasted cash flows with reference to the best available independent market information, taking into account the respective industry benchmarks and inflationary prospects within the country. • We assessed the reasonableness of the forecasted cash flows used in the discounted cash flow model by performing the following procedures: <ul style="list-style-type: none"> • We compared previous budgeted cash flows to the actual results of the respective unlisted entities to assess the reasonability of management's budgeting techniques. • The cash flow forecasts were also compared to investee management's approved budgets and forecasts. • We assessed the reasonableness of the market multiples used in the valuation by leveraging our valuation experts, by independently comparing the market multiples to those of similar entities, which have been adjusted for entity specific factors which include size, diversification and country risk adjustments, amongst others.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Responsibility by the Board of Directors, the Certificate by the Company Secretary, the Declaration by the Chief Financial Officer, the Key Highlights, the Report by the Board of Directors, the report of the Audit and Risk Committee, the Appendix I - Shareholder analysis, the Appendix II - Shareholders' Diary and the Appendix III - Corporate information, which we have obtained prior to the date of this report, and the document titled "ARC Investments 2024 Integrated Annual Report", which is expected to be made available to us after this date but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

When we read the ARC Investments 2024 Integrated Annual Report not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of African Rainbow Capital Investments Limited

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

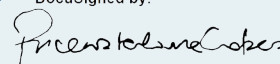
Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

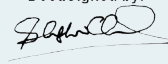
- we have no relationship with or interests in the Company other than in our capacity as auditor;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

DocuSigned by:

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PricewaterhouseCoopers
 10 September 2024

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John Li How Cheong, licensed by FRC

STATEMENT

OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 R million	30 June 2023 R million
ASSETS			
Non-current assets			
Investment in the ARC Fund at FVTPL*	5	18 562	15 364
Current assets			
Cash and cash equivalents		21	21
Total assets		18 583	15 385
EQUITY			
Stated capital	7.1	10 797	9 925
Accumulated loss		(676)	(514)
Performance Participation reserve		154	122
Fair value reserve		8 306	5 850
Total equity		18 581	15 383
LIABILITIES			
Current liabilities			
Trade and other payables		2	2
Total equity and liabilities		18 583	15 385

* FVTPL: Fair value through profit or loss

The financial statements were authorised for issue by the board of directors on 09 September 2024 and signed on its behalf on 10 September 2024 by:



Mark Cyril Olivier
Director
10 September 2024



Clive Msipha
Director
10 September 2024

STATEMENT

OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	30 June 2024 R million	30 June 2023 R million
Fair value movements on the investment in the ARC Fund at FVTPL*	4.2	2 456	2 115
Other income		2	1
Other expenses	6	(10)	(9)
Performance Participation expense	9	(154)	(122)
Profit before taxation		2 294	1 985
Taxation	10	-	-
Profit for the year		2 294	1 985
Other comprehensive income for the year		-	-
Total comprehensive income for the year		2 294	1 985
Earnings per share:			
Basic earnings per ordinary share (cents)	7.1	152	148
Diluted earnings per ordinary share (cents)	7.1	151	146

* FVTPL: Fair value through profit or loss

STATEMENT

OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Notes	Stated Capital R million	Accumulated Loss R million	Performance Participation Reserve R million	Fair Value Reserve R million	Total Equity R million
Balance at 30 June 2022		9 653	(385)	273	3 735	13 276
Total comprehensive income for the year		–	1 985	–	–	1 985
Transfer to fair value reserve *		–	(2 115)	–	2 115	–
Shares issued	7.1	272	1	(273)	–	–
Performance Participation	9	–	–	122	–	122
Balance at 30 June 2023		9 925	(514)	122	5 850	15 383
Total comprehensive income for the year		–	2 294	–	–	2 294
Transfer to fair value reserve *		–	(2 456)	–	2 456	–
Shares issued	7.1	872	–	(122)	–	750
Performance Participation	9	–	–	154	–	154
Balance at 30 June 2024		10 797	(676)	154	8 306	18 581

* The unrealised fair value adjustments on investments are transferred to the fair value reserve. On disposal of the investment, the related cumulative fair value adjustments are released to retained earnings.

STATEMENT

OF CASH FLOWS

For the year ended 30 June 2024

	Notes	30 June 2024 R million	30 June 2023 R million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations before investment activities	11	(8)	(8)
Net cash outflows from operating activities		(8)	(8)
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of capital by ARC Fund	5	–	20
Investment in ARC Fund		(742)	–
Net cash inflows from investing activities		(742)	20
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		750	–
Net cash inflows from financing activities		750	–
Net increase in cash and cash equivalents		–	12
Cash and cash equivalents at the beginning of the year		21	9
Total cash and cash equivalents		21	21

* FVTPL: Fair value through profit or loss

ACCOUNTING POLICIES

For the year ended 30 June 2024

1. DEFINITIONS

The following definitions are key to the understanding of the Company's Annual Financial Statements:

1.1 International Financial Reporting Standards (IFRS Accounting Standards) portfolio value

Investments in the ARC Fund are reported using IFRS fair value principles.

1.2 Intrinsic portfolio value (IPV)

The intrinsic portfolio value is determined by the Directors at every reporting period. The IPV is the IFRS portfolio value adjusted for non-IFRS Accounting Standards measures as set out in the Segmental Report. The significant non-IFRS Accounting Standards measurement differences comprise:

- valuing underlying listed investments on a 30-day volume weighted average price (VWAP) basis (compared to closing spot price), net after expected taxation cash flows; and
- valuing underlying listed investments after recognising B-BBEE discounts on a 30-day VWAP basis (compared to closing spot price), net after expected taxation cash flows.

1.3 Intrinsic Net Asset Value (INAV)

Intrinsic portfolio value of ARC Investments plus cash and other net assets, less debt.

1.4 NAV

IFRS Accounting Standards portfolio value (IFRS portfolio value) of ARC Investments plus cash and other net assets, less debt. NAV per share is reported in note 4.3.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE Limited; and the requirements of the Mauritian Companies Act 2001, insofar as applicable to a Global Business Licensed Company under the Mauritian Financial Services Act, 2007 which is regulated by the Mauritian Financial Services Commission.

The statutory financial statements are available for inspection at Level 3 - Alexander House, 35 Cybercity, Ebené, 72201

The accounting policies applied in the preparation of the Annual Financial Statements are consistent with those applied in the Company's 30 June 2023 Audited Annual Financial Statements.

2.2 Functional currency and presentation currency

The Company's Annual Financial Statements are presented in South African Rand (Rand), which is the Company's functional and presentation currency. All financial information presented in Rand has been rounded to the nearest million (R million).

2.3 Basis of measurement

The Annual Financial Statements have been prepared on the historical-cost basis, except for the measurement of financial instruments at fair value.

The going-concern basis has been used in preparing the Annual Financial Statements as the Directors have a reasonable expectation that the Company will continue as a going concern for the foreseeable future.

3. KEY AREAS OF JUDGEMENT

3.1 Fair value measurement of the investment in the ARC Fund

The basis of valuation of the Investment is dependent on the valuation of all investments in the ARC Fund portfolio. The basis of valuation of all investments in the ARC Fund portfolio, and consequently the Company's investment in the ARC Fund at fair value through profit or loss (FVTPL), is fair value. Fair value is determined half-yearly. All investments are valued in accordance with the valuation policy outlined below.

The sum of the individual instruments plus the cash and net assets in the ARC Fund make up the investment in the ARC Fund. The valuation of the individual assets is in line with IFRS 13, therefore the sum of these represents the IFRS 13 fair value of the investment in the ARC Fund. A minority discount was considered as a result of the Company not controlling the ARC Fund; however, this did not impact the value as a result of the strength of the protective rights in the respective shareholder and other agreements.

The General Partner values the investment portfolio in accordance with its valuation policy. The valuation policy considers the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines) and is consistent with the valuation approach detailed below, which will be consistent year on year except where there have been changes in circumstances in relation to an investment, and therefore the impact of such change would be disclosed.

3.1.1 Basis of valuation and approach

The fair value of the underlying investments in the ARC Fund at measurement date is in accordance with the principles of IFRS 13, Fair Value Measurement. Fair value is defined as the price that would be received for an asset in an orderly transaction between willing market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market or in its absence, the most advantageous market for the asset.

For **listed investments** that are suitably liquid investments, the available market prices (calculated at the spot rate at the measurement date) will be the basis for the measurement of the IFRS portfolio value for identical instruments.

Where investments in listed assets are thinly traded, due consideration needs to be given to the fact that the price at which the share trades may not be representative of the fair value of these investments. As such the General Partner may duly consider whether the cost of the investment or the fair value as determined by another valuation approach may not be a better representation of the fair value than the quoted market price on the exchange.

Unlisted investments are valued primarily using either an income approach (IA) or a market approach (MA) valuation methodology or a combination of the two approaches. The discounted cash flow (DCF) is the preferred income approach methodology applied. In applying a market approach valuation methodology an appropriate trading multiple or comparable transaction is selected, or a recent transaction used, depending on the specific underlying investment being valued.

ACCOUNTING POLICIES

For the year ended 30 June 2024

The General Partner uses its judgement to select the valuation technique most appropriate for an investment. On a specific investment, a single valuation technique or approach may be more appropriate (e.g. when valuing an asset using quoted prices in an active market for identical assets); however, the use of multiple valuation approaches on an investment is encouraged.

If multiple valuation techniques or approaches are used to measure fair value, the results of the various valuation methods are evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

In determining the fair value of an investment, the General Partner uses its judgement. This includes consideration of those specific terms of the investment that may impact its fair value. In this regard, the General Partner would consider the economic substance of the investment, which may take precedence over the strict legal form. The General Partner would take the results of each of the valuation methods applied into account in determining the final value of an investment.

The valuations of the investments are presented to the Board of the Company.

Foreign investments are those considered to be in jurisdictions outside of South Africa. These are valued in the local currency of the country of investment and translated to Rand at the spot rate at the valuation date.

Lack of control/minority interest: To the extent that an investment is a minority interest and cannot be easily realised, an appropriate minority discount would be considered. However, to the extent that the ARC Fund has certain rights in respect of an investment (such as minority protections or Board representations) these rights would be considered.

Restriction on trading/lack of marketability: To the extent that the ARC Fund is restricted or prevented from disposing of the investment for a period of time, this restriction would be considered in the IFRS portfolio value of the investment in arriving at an appropriate discount adjustment for lack of marketability. This will include and consider any lock-ins agreed as part of an investment.

3.1.2 Income approach methodology

When applying the income approach, the General Partner will consider the appropriateness of any sensitivity and/or scenario analyses.

3.1.3 Discounted cash-flow methodology

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. The forecast cash flows (free cash flows to the firm) and the terminal value (if applicable to the investment) are discounted to the present value using an appropriate risk-adjusted weighted average cost of capital (WACC) as the discount rate. To arrive at the estimate equity value, an adjustment is made for net indebtedness. Where appropriate, an adjustment to the valuation would be made for non-operating assets and liabilities and any surplus or deficit working capital in the investment.

In some valuations (for example, insurance and banking valuations), the use of free cash flow to equity might be preferred. Free cash flows to equity are discounted using an appropriate cost of equity discount rate.

The length of the 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.

3.1.4 Market approach methodology

Multiple approach

If a multiple approach is used, where appropriate, the General Partner would apply an Enterprise Value (EV)/earnings before interest, taxation, depreciation and amortisation (EBITDA) or price/earnings (P/E) multiple that is appropriate and reasonable, based on comparable companies and taking account of the size, risk profile, country risk and earnings prospects of the underlying company. In other cases, where appropriate, EV/EBITDA and price/book value may also be considered.

Comparable transaction approach

Where comparable transaction data is available and deemed appropriate to use for valuation purposes the comparable transaction approach is considered. The comparable transaction approach looks at recent similar or comparable transactions of the company being valued or a company with similar business model to inform the basis of the valuation. The value of a business is determined by using a similar multiple that was achieved in past completed transactions after adjusting for any lack of marketability, minority or control premiums where appropriate.

The General Partner as the fund manager of the portfolio assets is contractually bound to perform half-yearly valuations of the investment portfolio and to report half-yearly to the partners of the ARC Fund. The half-yearly valuation reports are approved by the Audit and Risk Committee of the General Partner with the support and guidance of the Investment Committee. While due professional judgement is exercised in determining the fair value of these investments, there are inherent limitations in any valuation technique involving securities of the type in which the ARC Fund invests. Therefore, the fair values presented herein may not be indicative of the amount the ARC Fund could realise in a current transaction.

3.2 Control over the ARC Fund

The General Partner directs all the relevant activities of the ARC Fund and is therefore considered to have power over the Fund. The Company does not have a currently exercisable right to remove the General Partner other than for a reasonable cause. The reasonable cause is deemed to be protective in nature and is, therefore, not substantive in nature and does not affect the assessment of control. Therefore, the Company does not control the ARC Fund. ARC Investments does not have the power to participate in the financial and operating policy decisions of the ARC Fund. Therefore, ARC Investments does not have significant influence over the ARC Fund. The Company may remove the General Partner at the first annual general meeting after the seven-year term from the Listing Date, or at the first annual general meeting following each fifth anniversary thereafter.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4. SEGMENTAL INFORMATION

Accounting policy

The Company has determined its operating segments based on investments held. Since the Company held one investment at the end of the reporting year (the investment in the ARC Fund), only one operating segment is defined in terms of IFRS 8, Operating Segments. The chief operating decision makers (CODMs), being the Board of Directors, evaluate the investment in the ARC Fund based on intrinsic portfolio value. The fair value movement, as evaluated by the CODMs, represents the measure of the segment performance. The IFRS values and intrinsic values are reconciled in the tables below.

Information on the underlying investment held by ARC Fund is also reported to the CODMs for the purpose of assessing segment performance. The Investment Committee of the General Partner in the ARC Fund reports to the CODMs in terms of the guidelines on the investment portfolio valuation and reporting processes as set out in the ARC Investments Limited Investment Guidelines.

Company context in application of accounting policy

Diversified Investments

These are the non-financial services investments acquired by the ARC Fund for purposes of demonstrated growth potential and the ability to deliver returns above the target return of 16%. They are a combination of growth assets and businesses about to reach steady state. The key factor with regard to the Diversified Investments' strategy is that the ARC Fund partners with industry leaders to ensure the right level of monitoring and oversight is achieved with individuals with the requisite knowledge and experience of the relevant industry. The Diversified Investments' portfolio is further categorised as follows:

- Telecommunications;
- Mining, Construction and Energy;
- Business Process Outsourcing;
- Agriculture; and
- Diversified Financials.

Financial Services

This is the core industry experience of the executive team within the ARC Fund. The investment strategy is to assemble a portfolio of assets that lends itself to synergistical benefits within its ecosystem. To this end, the portfolio is organised into the following categories:

- Insurance and Asset Management;
- Specialist Financial Services; and
- Banking and Fintech.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS

Investment	INTRINSIC ¹										
	30 June 2024					30 June 2023					
	Net Balance at 30 June 2023 R million	Acquisition or (Disposal) R million	Fair Value, Interest, Forex & Disposal Gain/Loss R million	Net Balance at 30 June 2024 R million	Percentage of Fund R million	Net Balance at 30 June 2022 R million	Acquisition or (Disposal) R million	Restructure R million	Fair Value, Interest, Forex & Disposal Gain/Loss R million	Net Balance at 30 June 2023 R million	Percentage of Fund R million
Diversified Investments											
Telecommunications	4 516	126	598	5 240	26.0%	3 635	–	–	881	4 516	27.6%
Rain	4 516	126	598	5 240	26.0%	3 635	–	–	881	4 516	27.6%
Diversified Financials	2 239	460	193	2 892	14.3%	1 876	640	(413)	136	2 239	13.7%
ARCH Emerging Markets	620	161	39	820	4.1%	408	186	–	26	620	3.8%
Fledge Capital	583	–	–	583	2.9%	486	–	–	97	583	3.6%
African Rainbow Capital Investments ²	508	143	122	773	3.8%	700	(200)	–	8	508	3.1%
Tyme Group ³	310	169	45	524	2.6%	–	664	(413)	59	310	1.9%
Property	218	(13)	(13)	192	1.0%	282	(10)	–	(54)	218	1.3%
Mining Construction and Energy	2 050	591	(71)	2 570	12.7%	1 948	213	–	(111)	2 050	12.5%
Kropz Group	1 919	602	(84)	2 437	12.1%	1 028	833	–	58	1 919	11.7%
Afrimat	–	–	–	–	–	629	(486)	–	(143)	–	0.0%
Other Mining, Construction and Energy	131	(11)	13	133	0.6%	291	(134)	–	(26)	131	0.8%
Business Process Outsourcing	1 691	(28)	214	1 877	9.3%	1 886	(364)	–	169	1 691	10.3%
Bluespec	515	–	49	564	2.8%	476	–	–	39	515	3.1%
Linebooker	355	–	79	434	2.1%	226	67	–	62	355	2.2%
Other Business Process Outsourcing ⁴	821	(28)	86	879	4.4%	1 184	(431)	–	68	821	5.0%
Agriculture	789	6	69	864	4.3%	450	53	–	286	789	4.8%
Acorn Agri and Foods	215	168	45	428	2.1%	166	–	–	49	215	1.3%
Other Agriculture ⁵	574	(162)	24	436	2.2%	284	53	–	237	574	3.5%
Total Company share of Fund's Diversified Investments	11 285	1 155	1 003	13 443	66.6%	9 795	542	(413)	1 361	11 285	69.0%
Financial Services	5 078	–	1 668	6 746	33.4%	3 864	11	413	790	5 078	31.0%
ARC Financial Services Holdings (Refer to note 4.1.1)	5 078	–	1 668	6 746	33.4%	3 864	11	413	790	5 078	31.0%
Total Company's share of Fund's IPV	16 363	1 155	2 671	20 189	100.0%	13 659	553	–	2 151	16 363	100.0%

¹ The intrinsic numbers are equivalent to IFRS numbers for unlisted investments.

² Denotes a listed entity classified as level 1 fair value hierarchy.

³ Tyme Group comprise of Tyme Bank and Tyme Asia Holdings. These investments were shown separately in the prior year and, therefore, the prior year amounts were restated for comparative purposes.

⁴ Gemcap is disclosed under other as it contribute less than 2% in the current year. The prior year has been aligned with the current year.

⁵ RSA in the prior year was disclosed separately as it was contributing above 2% and in the currently year its is disclosed under other. The prior year amounts were restated for comparative purposes.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS

	Reconciliation of the share of ARC Fund's INTRINSIC net asset value to IFRS Value							
	30 June 2024				30 June 2023			
	Intrinsic Value 30 June 2024 R million	Spot vs 30-day VWAP R million	Control Premium R million	IFRS Value 30 June 2024 R million	Intrinsic Value 30 June 2023 R million	Spot vs 30-day VWAP R million	Control Premium R million	IFRS Value 30 June 2023 R million
Listed	773	92	(109)	756	508	4	–	512
Unlisted	19 416	156	(193)	19 379	15 855	122	(90)	15 887
Total Fund IPV	20 189	248	(302)	20 135	16 363	126	(90)	16 399
UBI GP fee payable by ARC Fund*	(55)	–	–	(55)	(61)	–	–	(61)
Other non-current liabilities in ARC Fund*	(1 725)	–	–	(1 725)	(1 473)	–	–	(1 473)
Total portfolio net of liabilities	18 409	248	(302)	18 355	14 829	126	(90)	14 865
Cash in ARC Fund*	163	–	–	163	500	–	–	500
Deferred Consideration	45	–	–	45	–	–	–	–
Other assets/(liabilities) in ARC Fund*	(1)	–	–	(1)	(1)	–	–	(1)
Total investment in ARC Fund at FVTPL	18 616	248	(302)	18 562	15 328	126	(90)	15 364

* Measured at fair value. Where an instrument is not short-term in nature, a discounted cash flow method with a market related interest rate was used to value the instruments.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS

4.1.1. THE COMPANY'S EFFECTIVE INTEREST IN ARC FINANCIAL SERVICES HOLDINGS

The value of ARC Fund's effective interest in ARC Financial Services Holdings is as follows:

Investment	INTRINSIC										
	30 June 2024					30 June 2023					
	Net Balance at 30 June 2023 R million	Acquisition or (Disposal) R million	Fair Value, Interest, Forex & Disposal Gain/Loss R million	Net Balance at 30 June 2024 R million	Dividend Income	Net Balance at 30 June 2022 R million	Acquisition or (Disposal) R million	Restructure R million	Fair Value, Interest, Forex & Disposal Gain/Loss R million	Net Balance at 30 June 2023 R million	Dividend Income
Financial Services											
Insurance and Asset Management	2 207	4	431	2 642	190	2 086	(167)	–	288	2 207	101
Alexander Forbes Group Holdings ¹	1 139	–	291	1 430	99	963	–	–	176	1 139	74
Capital Legacy	437	–	168	605	–	288	75	–	74	437	10
Sanlam Third Party Asset Management	364	–	(7)	357	77	309	4	–	51	364	–
Rand Mutual Holdings	–	–	–	–	–	259	(266)	–	7	–	11
Other Insurance and Asset Management	267	4	(21)	250	14	267	20	–	(20)	267	6
Banking & Fintech	3 254	71	1 083	4 408	11	2 324	285	206	439	3 254	13
Tyme Group ²	2 792	87	1 046	3 925	–	–	237	2 119	436	2 792	–
CrossFin	263	(17)	25	271	–	213	45	–	5	263	–
TymeBank and Tyme Global	5	–	(5)	–	–	1 917	–	(1 913)	1	5	–
Other Banking	194	1	17	212	11	194	3	–	(3)	194	13
Specialist Financial Services	277	57	17	351	8	96	178	–	3	277	1
Total Company share of Financial Services portfolio value	5 738	132	1 531	7 401	209	4 506	296	206	730	5 738	115

¹ Denotes a listed entity classified as level 1 fair value hierarchy.

² Investments in Tyme SA Holdings and Tyme Group Africa Pte are held directly by the ARC Fund and through ARC Financial Services. During the current reporting period, the investments in TymeBank and Tyme Global were transferred to Tyme SA Holdings and Tyme Group Africa Pte respectively to enable the acquisition of Retail Capital and to provide further funding into the business.

Investment	30 June 2024				30 June 2023			
	Net Asset Value 30 June 2023 R million	Net Investment R million	Net increase in Net Asset Value R million	Net Asset Value 30 June 2024 R million	Net Asset Value 30 June 2022 R million	Net Investment R million	Net increase in Net Asset Value R million	Net Asset Value 30 June 2023 R million
IPV	5 738	132	1 531	7 401	4 506	502	730	5 738
Deferred consideration*	(2)	–	1	(1)	(2)	–	–	(2)
Other non-current liabilities*	(762)	106	(75)	(731)	(734)	–	(28)	(762)
Total liabilities	(764)	106	(74)	(732)	(736)	–	(28)	(764)
Total portfolio net of liabilities	4 974	238	1 457	6 669	3 770	502	702	4 974
Cash*	102	–	40	142	100	–	2	102
Other net assets /(liabilities)*	2	–	(67)	(65)	(6)	–	8	2
Total Company share of investment in ARC Financial Services Portfolio	5 078	238	1 430	6 746	3 864	502	712	5 078

* Measured at fair value. Where an instrument is not short-term in nature, a discounted cash flow method with a market related interest rate was used to value the instruments.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.2 SEGMENTAL PORTFOLIO RETURNS

Investment (R million)	30 June 2024				30 June 2023			
	Dividend Income ¹	Fair Value Adjustment	Other Income ²	Total Intrinsic Income	Dividend Income ¹	Fair Value Adjustment	Other Income ²	Total Intrinsic Income
Diversified Investments								
Telecommunications	–	598	–	598	–	881	–	881
Rain	–	598	–	598	–	881	–	881
Diversified Financials	4	168	25	197	55	97	39	191
Fledge Capital	–	–	–	–	23	97	–	120
African Rainbow Capital Investments ³	–	122	–	122	–	8	–	8
ARCH Emerging Markets	–	18	21	39	–	26	–	26
Tyme Group	–	45	–	45	–	51	8	59
Property	4	(17)	4	(9)	32	(85)	31	(22)
Mining, Construction and Energy	13	(368)	297	(58)	14	(234)	123	(97)
Kropz Group	–	(381)	297	(84)	–	(65)	123	58
Afrimat ³	–	–	–	–	–	(143)	–	(143)
Other Mining, Construction and Energy	13	13	–	26	14	(26)	–	(12)
Business Process Outsourcing	107	214	–	321	74	154	15	243
Bluespec	69	49	–	118	42	39	–	81
Linebooker	–	79	–	79	–	55	7	62
Other Business Process Outsourcing ⁴	38	86	–	124	32	60	8	100
Agriculture	28	68	1	97	11	286	–	297
Acorn Agri and Foods ⁵	7	45	–	52	–	49	–	49
Other Agriculture	21	23	1	45	11	237	–	248
Total Company share of Fund's Diversified Investments Portfolio returns	152	680	323	1 155	154	1 184	177	1 515
Financial Services	–	1 668	–	1 668	–	790	–	790
ARC Financial Services Holdings	–	1 668	–	1 668	–	790	–	790
Total Company share of Fund's Portfolio returns	152	2 348	323	2 823	154	1 974	177	2 305

¹ Dividend income represents cash dividend receipts.

² Other income includes Directors' fees, interest income on loans and foreign exchange gains and losses on portfolio entities.

³ Denotes a listed entity classified as level 1 fair value hierarchy.

⁴ Gemcap is disclosed under other as it contribute less than 2% in the current year. The prior year has been aligned with the current year.

⁵ RSA in the prior year was disclosed separately as it was contributing above 2% and in the currently year its is disclosed under other. The prior year amounts were restated for comparative purposes.

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.2 SEGMENTAL PORTFOLIO RETURNS

	Reconciliation of the share of ARC Fund's INTRINSIC to IFRS portfolio returns							
	30 June 2024				30 June 2023			
	Total Intrinsic Income 30 June 2024	Change resulting from Spot vs 30 day VWAP	Change resulting from Control Premium	Total IFRS Income 30 June 2024	Total Intrinsic Income 30 June 2023	Change resulting from Spot vs 30 day VWAP	Change resulting from Control Premium	Total IFRS Income 30 June 2023
Total Company share of Fund's Invested Portfolio returns	2 823	130	(212)	2 741	2 305	26	(15)	2 316
Fund management fee				(112)				(98)
Interest income on cash and cash equivalents				32				56
Finance costs in the ARC Fund				(193)				(135)
Other net expenses in the Fund				(12)				(24)
IFRS fair value movements on the investment in the ARC Fund at FVTPL				2 456				2 115

SEGMENTAL INFORMATION

For the year ended 30 June 2024

4.3 SEGMENTAL PORTFOLIO NET ASSET VALUE MOVEMENTS - OTHER DISCLOSURE

	INTRINSIC									
	30 June 2024					30 June 2023				
	Net Balance 30 June 2023 R million	Acquisition or (Disposal) R million	Net Interest Capitalised R million	Fair Value, Forex & Disposal Gain/Loss R million	Net Balance 30 June 2024 R million	Net Balance 30 June 2022 R million	Acquisition or (Disposal) R million	Net Interest Capitalised R million	Fair Value, Forex & Disposal Gain/Loss R million	Net Balance 30 June 2023 R million
Investment										
Nature classification of investments										
Listed	508	144	–	121	773	1 418	(761)	–	(149)	508
Unlisted	15 855	1 011	326	2 224	19 416	12 241	1 314	136	2 164	15 855
Total Nature classification	16 363	1 155	326	2 345	20 189	13 659	553	136	2 015	16 363
Geographic classification of investments										
South Africa	14 159	905	114	2 758	17 936	11 991	(171)	11	2 328	14 159
Rest of Africa	613	158	24	19	814	408	179	–	26	613
International	1 591	92	188	(432)	1 439	1 260	545	125	(339)	1 591
Total Geographic Classification	16 363	1 155	326	2 345	20 189	13 659	553	136	2 015	16 363
Investment instrument type										
Equity	14 536	501	–	2 508	17 545	13 291	(326)	–	1 571	14 536
Loans	1 802	679	326	(163)	2 644	368	854	136	444	1 802
Preference Shares	25	(25)	–	–	–	–	25	–	–	25
Total Instrument Type Classification	16 363	1 155	326	2 345	20 189	13 659	553	136	2 015	16 363

	NET ASSET VALUE PER SHARE							
	30 June 2024				30 June 2023			
	30 June 2024	30 June 2023	Per share change	% change	30 June 2023	30 June 2022	Per share change	% change
Net Asset Value – IFRS								
Net Asset Value per shares (cents) - IFRS	1 234	1 144	90	7.9%	1 144	1 008	136	13.50%
Diluted Net Asset Value per share (cents) - IFRS	1 224	1 134	90	7.9%	1 134	988	146	14.80%

	30 June 2024				30 June 2023			
	30 June 2024	30 June 2023	Per share change	% change	30 June 2023	30 June 2022	Per share change	% change
	Net Asset Value - INTRINSIC							
Net Asset Value per shares (cents) - Intrinsic	1 238	1 141	97	8.5%	1 141	1 006	135	13.40%
Diluted Net Asset Value per share (cents) - Intrinsic	1 228	1 131	97	8.6%	1 131	986	145	14.70%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. INVESTMENT IN THE ARC FUND AT FVTPL

Accounting policy

The business model applied by the Board of Directors of the Company in its management of the investment in the ARC Fund is the Intrinsic Fair Value of the Fund Portfolio as it is held primarily for capital appreciation. The investment in the ARC Fund is managed and performance evaluated on a fair value basis and is therefore a financial asset measured at fair value through profit or loss (default). The investment in the ARC Fund is thus a financial instrument mandatory at fair value through profit or loss as recognised and measured in accordance with the principles in IFRS 9, Financial Instruments, with associated disclosures presented in accordance with IFRS 7, Financial Instruments Disclosure, and IFRS 13, Fair Value Measurements.

Key judgements relate to the fair value measurement as well as control over the ARC Fund. These are discussed in more detail under Accounting Policies in note 3 above.

The investment in the ARC Fund at FVTPL and the underlying portfolio (which is compiled on a look-through basis in the ARC Fund), need to be classified at the appropriate level of hierarchy on which their fair values are based. Fair Value classification within these Annual Financial Statements is as follows:

Level 1 fair value hierarchy – Investments that trade in active markets and derive their fair value from quoted market prices of identical assets are classified within level 1. The quoted market prices provide the most reliable fair value classification and the Company 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 Company is the current bid price.

Level 2 fair value hierarchy – Investments that trade in markets not considered to be active and derive their fair value from observable inputs other than quoted prices included within level 1 above. 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 from or corroborated by observable market data.

Level 3 fair value hierarchy – 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, shareholder loans and derivatives in the ARC Fund are typically classified as level 3.

Company context in application of accounting policy choices

The Company obtains exposure to and has indirect interests in a diversified pool of listed and unlisted investments (Portfolio Companies) by investing as a Limited Partner into an *en commandite* partnership established in South Africa known as the ARC Fund. The Fund is managed by a Black-owned and -controlled Fund Manager, UBI GP Co Proprietary Limited (UBI GP), as the General Partner.

	Notes	30 June 2024 R million	30 June 2023 R million
The movement of the investment in the ARC Fund at FVTPL* are as follows:			
Opening balance		15 364	13 269
Return of Capital by ARC Fund**		–	(20)
Cash capital contribution		742	–
Fair value movements on the investment in the ARC Fund at FVTPL*	4.2	2 456	2 115
Total		18 562	15 364
Valuation information:			
IFRS 13 fair value hierarchy		Level 3	Level 3
Valuation methodology		Sum of the parts	Sum of the parts

* FVTPL: Fair value through profit or loss.

** The amount was paid out of the contributed capital and it was treated as a reduction in the investment.

REALISATION AND DERECOGNITION

Accounting policies

The Company applies the derecognition principles in IFRS 9, Financial Instruments, and derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a secured borrowing for the proceeds received.

Company context in application of accounting policies

The strategic objective of the Company is to not declare any dividends in the short to medium term (refer to Note 8).

The Company's partnership profit share in the ARC Fund for the financial period is not as a result of a return of capital but rather the fair value movements of the Portfolio Companies in the ARC Fund and is thus unrealised. The Company has therefore adopted a policy whereby unrealised profits of this nature are transferred to the fair value reserve. In the event of a return of capital by the ARC Fund, these would be realised and accordingly transferred from the fair value reserve to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

	BUSINESS PROCESS OUTSOURCING			
Details of valuation inputs R million	Bluespec		Linebooker	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
% equity held by Fund	24.8%	24.8%	74.6%	74.9%
% equity held by ARC Group	24.8%	24.8%	74.6%	74.9%
Gross investment	731	699	482	395
Minority discount	11.2%	14.1%	–	–
Marketability discount (considers BEE where applicable)	13.1%	14.2%	10%	10%
Net investment	564	515	434	355
Loans and other investments	–	–	–	–
Total intrinsic value of investment	564	515	434	355
Fair value adjustment	49	39	79	62
Valuation information:				
IFRS 13 fair value hierarchy	Level 3	Level 3	Level 3	Level 3
Valuation methodology	PE Multiple		Ten-year discounted cash flow with terminal value	
Portfolio entity disclosures:				
Sector grouping	Business Process Outsourcing		Business Process Outsourcing	
Listed/Unlisted	Unlisted		Unlisted	
BEE lock-in period	Not applicable		Not applicable	
Assumptions and sensitivities				
Key inputs:				
Input 1	PE Multiple	PE Multiple	WACC	
Input 1 variable	7.6x	8x	21.5%	22.8%
Input 2	Earnings	Earnings	Terminal growth rate	
Input 2 variable	–	–	5.5%	5.5%
Sensitivity of key inputs:				
Input 1 variable	An increase of 1x in the PE multiple results in a R96 million increase in the fair value (post the discounts) and 1x decrease in the PE multiple results in a R37 million decrease in the fair values (post the discounts).	An increase of 1x in the PE multiple results in a R95 million increase in the fair value (post the discounts) and 1x decrease in the PE multiple results in a R16 million decrease in the fair values (post the discounts).	1% increase in WACC will result in a fair value decrease of R33 million, while a 1% decrease will result in a fair value increase of R38 million.	1% increase in WACC will result in a fair value decrease of R27 million, while a 1% decrease will result in a fair value increase of R32 million.
Input 2 variable	An increase of 10% in the net earnings level results in a R80 million increase in the fair value (post the discounts) and decrease of 10% in the net earnings level results in a R21 million decrease in the fair value (post the discounts)	An increase of 10% in the net earnings level results in a R84 million increase in the fair value (post the discounts) and decrease of 10% in the net earnings level results in a R5 million decrease in the fair value (post the discounts)	R13 million increase per 1% increase in terminal growth rate and R12 million decrease per 1% decrease in terminal growth rate.	R11 million increase per 1% increase in terminal growth rate and R9 million decrease per 1% decrease in terminal growth rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

	AGRICULTURE			
Details of valuation inputs	RSA		Acorn Agri and Food	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
R million				
% equity held by Fund	23.6%	56.6%	21.4%	9.3%
% equity held by ARC Group	23.6%	56.6%	21.4%	9.3%
Gross investment	221	432	547	275
Minority discount	3.9%	14.6%	10%	10%
Marketability discount (considers BEE where applicable)	11.4%	14.2%	13%	13%
Net investment	187	373	428	215
Loans and other investments	–	–	–	–
Total intrinsic value of investment	187	373	428	215
Fair value adjustment	(24)	232	45	50
Valuation information:				
IFRS 13 fair value hierarchy	Level 3		Level 3	
Valuation methodology	PE Multiple		PE Multiple	
Portfolio entity disclosures:				
Sector grouping	Agriculture		Agriculture	
Listed/Unlisted	Unlisted		Unlisted	
BEE lock-in period	None		None	
Assumptions and sensitivities	Assumptions and sensitivities		Assumptions and sensitivities	
Key inputs:				
Input 1	PE Multiple	PE Multiple	PE Multiple	PE Multiple
Input 1 variable	7.5%	7.0x	7.9x	7.6x
Input 2	Earnings	Earnings	Earnings	Earnings
Input 2 variable	–	–	–	–
Sensitivity of key inputs:				
Input 1 variable	An increase of 1x in the PE multiple results in a R24 million increase in the fair value of ARC equity investment (post the discounts) and 1x decrease in the PE multiple results in a R24 million decrease in the fair value of ARC equity investment (post the discounts).	An increase of 1x in the PE multiple results in a R52 million increase in the fair value of ARC equity investment (post the discounts) and 1x decrease in the PE multiple results in a R52 million decrease in the fair value of ARC equity investment (post the discounts).	An increase of 10% in the PE multiple results in a R17.5 million increase in the fair value of ARC equity investment (post the discounts) and 10% decrease in the PE multiple results in a R51.3 million decrease in the fair value of ARC equity investment (post the discounts).	An increase of 10% in the PE multiple results in a R17.2 million increase in the fair value of ARC equity investment (post the discounts) and 10% decrease in the PE multiple results in a R17.9 million decrease in the fair value of ARC equity investment (post the discounts).
Input 2 variable	An increase of 10% in the net earnings level results in a R35 million increase in the fair value of ARC equity investment (post the discounts) and decrease of 10% in the net earnings level results in a R35 million decrease in the fair value of ARC equity investment (post the discounts)	An increase of 10% in the net earnings level results in a R37 million increase in the fair value of ARC equity investment (post the discounts) and decrease of 10% in the net earnings level results in a R37 million decrease in the fair value of ARC equity investment (post the discounts)	An increase of 10% in earnings results in a R17.5 million increase in the fair value of ARC equity investment (post the discounts) and 10% decrease in the earnings results in a R51.3 million decrease in the fair value of ARC equity investment (post the discounts).	An increase of 10% in earnings results in a R17.2 million increase in the fair value of ARC equity investment (post the discounts) and 10% decrease in the earnings results in a R17.9 million decrease in the fair value of ARC equity investment (post the discounts).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

	DIVERSIFIED FINANCIALS	
Details of valuation inputs	ARCI Limited shares	
R million	30 June 2024	30 June 2023
% equity held by Fund	7.3%	5.9%
% equity held by ARC Group	7.3%	5.9%
30-day VWAP	6.06	6.45
Spot price	6.90	6.50
Gross investment	664	508
Control premium	20%	–
Minority discount	3%	–
Net investment	773	508
Loans and other investments	–	–
Total intrinsic value of investment	773	508
Fair value adjustment	122	8
Valuation information:		
IFRS 13 fair value hierarchy	Level 1	
Valuation methodology	Listed share prices	
Portfolio entity disclosures:		
Sector grouping	Diversified Financials	
Listed/Unlisted	Listed	
BEE lock-in period	None	
Assumptions and sensitivities	Assumptions and sensitivities	
Key inputs:	Not applicable	
Input 1		
Input 1 variable		
Input 2		
Input 2 variable		
Sensitivity of key inputs:		
Input 1 variable		
Input 2 variable		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

Details of valuation inputs	DIVERSIFIED FINANCIALS			
	ARCH Emerging Markets Fund of Funds		Fledge Capital Investments *	
R million	30 June 2024	30 June 2023	30 June 2024	30 June 2023
% equity held by Fund	49.0%	49.0%	51.0%	51.0%
51.0% equity held by ARC Group	49.0%	49.0%	51.0%	51.0%
Gross equity investment	604	528	583	583
Minority discount	–	–	–	–
Marketability discount (considers BEE where applicable)	–	–	Considered at individual investment level	Considered at individual investment level
Net equity investment	604	528	583	583
Loans and other investments	216	92	–	–
Total intrinsic value of investment	820	620	583	583
Fair value adjustment	39	26	–	97
Valuation information:				
IFRS 13 fair value hierarchy	Level 3	Level 3	Level 3	Level 3
Valuation methodology	Net Asset Value	Net Asset Value	Sum of the parts/ Underwritten value	
Portfolio entity disclosures:				
Sector grouping	Diversified Financials		Diversified Financials	
Listed/Unlisted	Unlisted		Unlisted	
BEE lock-in period	None		None	
Assumptions and sensitivities				
Key inputs:				
Input 1	USD: ZAR rate	USD: ZAR rate	–	–
Input 1 variable	R/\$ spot 18.21	R/\$ spot 18.92	–	–
Sensitivity of key inputs:	Sensitivity of key inputs: 1% change in USD will result in 1% change in value	Sensitivity of key inputs: 1% change in USD will result in 1% change in value	–	–

* No material sensitivities as the majority of the investments within Fledge Capital Investments are currently valued at cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.2 FINANCIAL SERVICES PORTFOLIO VALUATION INPUTS

The significant investment portfolio companies, being those that contribute 2% to the ARC Fund's value are presented below along with the key valuation inputs and other relevant information. The tables below are presented in IFRS and Intrinsic for unlisted companies and Intrinsic for listed companies. Key inputs that drive the ARC Fund valuation of the portfolio assets were identified and sensitivities tested as demonstrated below.

	INSURANCE AND ASSET MANAGEMENT			
Details of valuation inputs R million	Alexforbes		Sanlam Third-party Asset Management (Pty) Ltd	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
% equity held by Fund	15.8%	15.83%	9.4%	9.4%
% equity held by ARC Group	42.3%	42.30%	25.0%	25.0%
30-day VWAP	7.01	5.35	-	-
Spot price	7.38	5.66	-	-
Gross equity investment	1 324	1 130	412	381
Control premium	20%	20%	20%	20%
Marketability discount (considers BEE where applicable)	-	-	15%	15%
Minority	10%	10%	15%	15%
Net equity investment	1 430	1 139	357	364
Loans and other investments	-	-	-	-
Total intrinsic value of investment	1 430	1 139	357	364 *
Fair value adjustment (net of deferred tax)	291	176	(7)	51
Valuation information:				
IFRS 13 fair value hierarchy	Level 1	Level 1	Level 3	Level 3
Valuation methodology	Listed share prices	Listed share prices	PE multiple	PE multiple
Portfolio entity disclosures:				
Sector grouping	Insurance and Asset Management		Insurance and Asset Management	
Listed/Unlisted	Listed		Unlisted	
BEE lock-in period	None		None	
Assumptions and sensitivities				
Key inputs:	Not applicable			
Input 1				
Input variable				
Sensitivity of key inputs:				
Input 1 variable				
			PE Multiple	PE Multiple
			7.57	7.68
			10% increase in PE multiple will result in an increase of R37 million in fair value. 10% decrease in PE multiple will result in a decrease of R37 million in fair value.	10% increase in PE multiple will result in an increase of R34 million in fair value. 10% decrease in PE multiple will result in a decrease of R34 million in fair value.

* The value includes dividends declared before the financial year end but paid after the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.2 FINANCIAL SERVICES PORTFOLIO VALUATION INPUTS *continued*

	INSURANCE AND ASSET MANAGEMENT	
Details of valuation inputs	Capital Legacy	
R million	30 June 2024	30 June 2023
% equity held by Fund	9.58%	10.91%
% equity held by ARC Group	25.60%	29.14%
Gross equity investment	709	482
Minority discount	5%	10%
Marketability discount (considers BEE where applicable)	10%	10%
Net equity investment	605	363
Loans and other investments	–	75
Total intrinsic value of investment	605	437
Fair value adjustment	168	74
Valuation information:		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	Embedded value	Embedded value
Portfolio entity disclosures:		
Sector grouping	Insurance and Asset Management	
Listed/Unlisted	Unlisted	
BEE lock-in period	None	
Assumptions and sensitivities		
Key inputs:	Embedded value	Embedded value
Input 1	VNB multiple	VNB multiple
Input variable 1	+1%	+1%
Input 2	–	–
Input variable 2	–	–
Sensitivity of key inputs:		
Input 1	VNB multiple	VNB multiple
Input variable 1	R3.9 million increase (decrease) in fair value per 1% increase in VNB multiple.	R2.6 million increase (decrease) in fair value per 1% increase in VNB multiple
Input 2	–	–
Input variable 2	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5.3 TYME SA HOLDINGS AND TYME GROUP AFRICA PTE

Investments in Tyme Group are held directly by the ARC Fund (2024: R524 million and 2023: R310 million) and indirectly through ARC Financial Services (2024: R3 925 million and 2023: R2 792 million).

	BANKING	
Details of valuation inputs	Tyme Group (TymeBank and Tyme Asia Holdings)*	
R million	30 June 2024	30 June 2023**
% of effective equity held by Fund in TymeBank/Tyme Asia Holdings	25.98%/23.89%	25.10% #
% of effective equity held by ARC Group in TymeBank /Tyme Asia Holdings	50.04%/42.85%	50.21% #
Gross equity investment	4 449	3 102
Minority discount	Already considered in recent transaction value	Already considered in recent transaction value
Marketability discount (considers BEE where applicable)	Implicitly considered in recent transaction price	Implicitly considered in recent transaction price
Net equity investment	4 449	3 102
Loans and other investments	–	–
Total intrinsic value of investment	4 449	3 102
Fair value adjustment (net of deferred tax)	1 091	496
Valuation information:		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	Recent transaction***	Recent transaction***
Portfolio entity disclosures:		
Sector grouping	Banking	
Listed/Unlisted	Unlisted	
BEE lock-in period	None	
Other details		
Assumptions and sensitivities		
Key inputs:		
Input 1	Not applicable	
Input variable 1		
Input 2		
Input variable 2		
Sensitivity of key inputs		
Input 1		
Input variable		
Input 2		
Input variable 2		

* Tyme Group comprise of Tyme Bank and Tyme Asia Holdings. These investments were shown separately in the prior year.

** Restated.

*** The valuation was based on the recently closed series C+ capital raise.

The shareholding was the same for TymeBank and Tyme Asia Holdings in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

6. OTHER EXPENSES

Notes	30 June 2024 R million	30 June 2023 R million
Details of other expenses are as follows:		
Listing costs	3	1
Audit fees	1	1
Directors fees	2	2
Other expenses	4	5
	10	9

7. CAPITAL

7.1 Stated capital

Accounting Policy

Ordinary shares are classified as equity

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes	30 June 2024 R million	30 June 2023 R million
ARC Investments has the following categories of share capital:		
Category	Rights	
Ordinary shares	Participating share with voting rights.	
B shares	Non-participating non-voting share except if as at any ordinary shareholder record date an appointed B-BBEE Rating Agent determines that ownership of ordinary shares by Black People as defined in the B-BBEE Codes, as determined using the flow-through principle in accordance with the B-BBEE Codes, is less than 51%; and that ARC as the holder of the B share holds at least 26.1% of the ordinary shares of the Company and, since the issue of these shares, the holding percentage has never dropped below 26.1%.	
C shares	Non-participating, non-voting shares with automatic conversion based on the terms of the Performance Participation (refer note 9 below).	
In terms of the Mauritius Companies Act 2001, as amended, the Company is not required to have authorised share capital. All the Company's classes of shares are of no par value and, accordingly, the Company does not have a share premium account.		

7. CAPITAL continued

7.1 Stated capital continued

Notes	30 June 2024 R million	30 June 2023 R million
Issued (fully paid up) share capital		
Ordinary shares		
- 100 Ordinary shares of no-par value issued at incorporation at USD1 per share (translated at R12.91) ¹ .	-	-
- 526 588 235 shares issued to ARC Proprietary Limited under an asset-for-share sale transaction.	4 563	4 563
- 505 882 353 shares issued at listing date at R8.50 per share.	4 300	4 300
- Share issue costs.	(31)	(31)
- Conversion of 12 577 126 C shares for financial year ended 2018 Performance Participation	71	71
- 272 727 273 shares issued at R2.75	750	750
- Conversion of 27 059 992 C shares for financial year ended 30 June 2022 Performance Participation	272	272
- Conversion of 10 694 573 C shares for financial year ended 30 June 2023 Performance Participation	122	-
- 150 000 000 shares issued by way of rights offer at R5.00	750	-
Total issued share capital at the end of the year	10 797	9 925
B share		
1 share issued to ARC Proprietary Limited at a nominal value of R1. B shares are not listed.	-	-
C shares		
5 billion shares were issued to UBI Proprietary Limited (UBI) at listing at a nominal value of R1 for the Performance Participation. On 11 December 2018, 12 577 126 were converted into ordinary shares. On October 2023, 10 694 573 were converted into A ordinary shares, thus 4 949 668 309 C shares were outstanding at 30 June 2024. C shares are not listed. 12 465 586 Performance Participation shares will be issued to UBI after the approval of the fee.	-	-
Basic earnings per ordinary share (cents)	152	148
Diluted earnings per ordinary share (cents)	151	146
Headline earnings per ordinary share (cents)	152	148
Diluted headline earnings per ordinary share (cents)	153	146

¹ The amount is less than R1 million and is rounded to Rnil.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. CAPITAL continued

7.2 Earnings per share

	30 June 2024 R million	30 June 2023 R million
7.2.1 Reconciliation of reported earnings to headline earnings		
Earnings/Headline earnings of the Company (R million)	2 294	1 985
There were no items that require adjustment from the reported earnings in terms of SAICA Circular 1/2023, Headline Earnings.		
7.2.2 Number of ordinary shares		
Number of ordinary shares (million):		
Number of shares in issue at the end of the year (million)	1 506	1 345
Weighted average number of shares in issue during the year (million)	1 358	1 333
Diluted weighted average number of shares in issue during the year (million)	1 358	1 345
Diluted number of shares at the end of the year (million)	1 518	1 357
Shares issued at listing: 1 032 470 588		
Additional shares issued 11 December 2018: 12 577 126		
Additional shares issued in October 2020: 272 727 273		
Additional shares issued in December 2022: 27 059 992		
Additional shares issued in October and December 2023: 160 694 573		

8. DIVIDENDS AND DIVIDEND POLICY

Accounting Policy

Company strategic objective

The Company is a capital-pooling and investment holding company structured to offer its shareholders long-term capital appreciation through the growth in the NAV of its underlying investment in the ARC Fund. As such, ARC Investments does not currently intend to pay dividends on the ordinary shares but may choose to pay dividends, including special dividends, at some point in the future when it is appropriate to do so.

Dividends

The Company's ability to pay dividends is a function of the return of capital by the ARC Fund, which is not anticipated in the short term and over which the Company has no control. Furthermore, the current intention of the General Partner is that cash raised by the ARC Fund through realisations and distributions received from Portfolio Companies will generally be utilised for new investment opportunities.

If the Company receives the proceeds of realisations or distributions by underlying Portfolio Companies from the ARC Fund and chooses to pay dividends, the Board anticipates declaring and paying a final dividend only. The Board may, however, resolve to declare and pay interim dividends on the ordinary shares. The payment of a dividend will be subject to the Company's constitutional documents and applicable laws and regulations and the reasonably foreseeable obligations of the Company and will require the approval of the Board. The dividends that are envisaged would primarily be paid from distributions received by the ARC Fund from the Portfolio Companies and proceeds arising from the disposal of underlying investments by the ARC Fund, which are distributed to the Company as returns of capital by the ARC Fund.

9. PERFORMANCE PARTICIPATION EXPENSE

Accounting Policy

The Performance Participation is an equity-settled share-based payment accounted for in accordance with the provisions of IFRS 2, Share-based Payments. The share-based payment expense is recognised in profit or loss and the reserve in the statement of changes in equity as a separate reserve.

Company Context in Application of Accounting Policy

As detailed in Note 7.1, the Company has issued 5 billion C shares to UBI through a subscription agreement signed on 14 August 2017 for purposes of the Performance Participation, which in accordance with their rights and terms, are convertible into ordinary shares at no consideration.

Grant date:	14 August 2017
Grant price:	R1 for the full 5 billion shares
Performance hurdle:	10% hurdle return on intrinsic portfolio value
Participation percentage:	The C shareholders will share in 16% of the growth in ARCI NAV above the 10% hurdle.
Performance period:	Each annual financial year of the Company commencing 1 July and ending 30 June.
Conversion date:	No more than 10 business days (excluding weekends) from the date the Board approves the calculation of the Performance Participation, which will normally be the date of approval of the Audited Annual Financial Statements of the Company.
C shares conversion formula:	The holders are entitled to convert their C shares, each financial year if the performance hurdle is achieved for a particular year.

	30 June 2024 R million	30 June 2023 R million
The Performance Participation relates to the investment services rendered by UBI GP, a wholly owned subsidiary of UBI, to the ARC Fund which drives the IPV. The Performance Participation hurdle has been met in the current year. Consequently, a provision has been recognised for the issue of Performance Participation shares.	154	122
Five billion shares were issued to UBI at listing at a nominal value of R1 for the purposes of the Performance Participation, which in accordance with their rights and terms, are convertible into ordinary shares at no consideration. As at 30 June 2024, 50 331 691 C shares were converted into A ordinary shares. At 30 June 2024, 4 949 668 309 C shares were outstanding.		
The Performance participation is based on non-market conditions		
Total Performance Participation expense	154	122

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

10. TAXATION

Accounting Policy

Normal income taxation and deferred taxation are recognised using the taxation rates and taxation laws that have been enacted or substantively enacted by the end of the year in accordance with the recognition and measurement principles in IAS 12, *Taxes*.

Company Context in Application of Accounting Policies

The Company holds a Global Business Licence for the purpose of the Mauritian Financial Services Act 2007. It was registered in Mauritius as a private Company limited by shares on 30 June 2017 and converted to a public Company on 2 August 2017. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed foreign tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of shares.

On 26 July 2024, the Mauritian Finance (Miscellaneous Provisions) Act 2024 was promulgated into law and requires an affected company, in every year, to pay to the Director-General, a Corporate Climate Risk Levy (CCR) equivalent to 2% of its chargeable income. The levy will be paid in respect of the year of assessment commencing on 1st July 2024.

The agreed view is that the CCR is substantially enacted from the time that it is promulgated into law, that is, 26 July 2024. The CCR remains a non-adjusting event which should be disclosed accordingly in accordance with IAS 10.21 (both for current tax and deferred tax) despite the fact that the CCR came into law before authorization of the financial statements and has retrospective effect.

	30 June 2024 R million	30 June 2023 R million
Losses carried forward amounting to R48 million at 30 June 2024 (30 June 2023 R101 million). Mauritian taxation regulations permit the carry-forward of unused taxation losses for a maximum period of 5 years from the date they arose. The accumulated taxation losses are available for set-off against future taxable income as follows:		
Arising in Financial year 2020, carried forward up to 2025 financial year	-	43
Arising in Financial year 2021, carried forward up to 2026 financial year	-	57
Arising in Financial year 2022, carried forward up to 2027 financial year	101	121
Opening balance of losses at the start of the year	101	203
Losses utilised during the current financial year	(53)	(96)
Overprovision of losses in the prior financial year	-	(6)
Losses carried forward at the end of the reporting year	48	101
The taxation is reflected at a statutory rate of 15%		
Profit before taxation	2 294	1 985
Taxation at a statutory effective rate of 15% before foreign taxation credit	344	298
Tax reconciled	(344)	(298)
Income not subject to tax	(315)	(256)
Withholding tax gross up	1	1
Partial exemption on income	(57)	(55)
Expenses attributable to exempt income	35	26
Tax losses utilised	(8)	(14)
Tax losses for which no deferred tax asset was recognised	-	-
Effective income tax	-	-
No deferred tax asset was realised in respect of the tax losses incurred up to 30 June 2024, as the Directors had determined that it was not probable that the Company would generate sufficient taxable profits in the foreseeable future. However, the Company has made a profit during the current year which has resulted in the utilisation of the carried forward losses of R53 million against these profits.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

11. RECONCILIATION OF CASH UTILISED IN OPERATIONS BEFORE INVESTMENTS MADE

	Notes	30 June 2024 R million	30 June 2023 R million
Profit before taxation		2 294	1 986
Adjustment for non-cash items		(2 302)	(1 993)
Fair value movements on the investment in the ARC Fund at FVTPL*	4.2	(2 456)	(2 115)
Performance Participation expense		154	122
Working capital movements			-
Increase/(decrease) in trade and other payables			-
Cash utilised in operations before investment activities		(8)	(8)

* FVTPL: Fair value through profit or loss

12. FINANCIAL INSTRUMENTS

12.1 Financial instruments in the Company are categorised as follows:

R million	30 June 2024			
	Financial asset at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets	18 562	21	-	18 583
Investment in the ARC Fund at FVTPL	18 562	-	-	18 562
Cash and cash equivalents *	-	21	-	21
Financial liabilities	-	-	2	2
Trade and other payables *	-	-	2	2
R million	30 June 2023			
	Financial asset at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets	15 364	21	-	15 385
Investment in the ARC Fund at FVTPL	15 364	-	-	15 364
Cash and cash equivalents *	-	21	-	21
Financial liabilities	-	-	2	2
Trade and other payables *	-	-	2	2

* The carrying amount is a reasonable approximation of fair value

12.2 Risk management

The Company's exposure to market risks is predominantly through its investment in the ARC Fund. The Board of the General Partner, through its Investment Committee, reviews the ARC Fund policies for managing all market risks that the financial instruments within the ARC Fund are exposed to. The Directors of the Company manage the Company's exposure to market risks as indicated below.

12.2.1 Market risks

Equity price risk

The Company's interest in the ARC Fund is deployed in equity instruments which comprises (87% at 30 June 2024; 89% at 30 June 2023) of the total net asset value. The Company is exposed to equity price risk through the valuation of the underlying Portfolio Investments held by the ARC Fund. The fair value of these investments is derived through the valuations disclosed in the Segmental information. The valuations of the underlying portfolio companies are done half-yearly, and the Company's Board has access to the valuation information to monitor and review the fair value of the investments.

	30 June 2024 R million	30 June 2023 R million
Change in portfolio equity prices		
+5%	18 367	15 301
Equity component being 87% (30 June 2023: 88%) of Reported IFRS Portfolio Value	17 492	14 572
- 5%	16 618	13 843
Interest rate risk		
The Company is mainly exposed to interest rate risk through its investment in the ARC Fund which has interest-bearing loan assets, cash, preference shares and debts. The interest rate risk exposure to the Company's own cash is immaterial. The Board of the General Partner, through its Investment Committee, reviews the ARC Fund policies for managing interest rate risk that the financial instruments within the ARC Fund are exposed to.		
Cash, preference shares and loans in the Fund amounted to R2 766 million (30 June 2023: R2 176 million).		
Change in interest rates		
+ 100 basis points	2 794	2 197
Interest-bearing loan assets and cash	2 766	2 176
- 100 basis points	2 739	2 154
Portfolio debt amounted to R1 725 million (30 June 2023: R1 473 million)		
Change in interest rates - annualised		
+ 100 basis points	(1 742)	(1 488)
Interest-bearing loan assets and cash	(1 725)	(1 473)
- 100 basis points	(1 708)	(1 458)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

12.2.2 Other risks

Currency risk

The Company's exposure to currency risk is primarily through its investment in the ARC Fund. The portfolio interests of the ARC Fund are predominantly denominated in ZAR, with 16.3% (30 June 2023: 15.9%) denominated in foreign currency. The largest exposure to currency risk results from the British Pound (GBP) and United States Dollar (USD) mainly through investments in Kropz Group, Majik and ARCH Emerging markets. The Board of the General Partner continually monitors the exposure to currency risk through the Investment Committee of the Fund Manager.

The Company's exposure to foreign currency is shown in the table below:

	30 June 2024		30 June 2023	
	Currency value million	SA Rand R million	Currency value million	SA Rand R million
British Pound	1	31	3	70
United States Dollar	179	3 257	134	2 666
		3 288		2 736
Impact of 5% (2023: 5%) change in GBP rate		2		3
Impact of 5% (2023: 5%) change in USD rate		163		127

Credit risk

The Company is exposed to credit risk through the ARC Fund portfolio and the counterparties of the financial instruments in the portfolio. 14% of the ARC Fund portfolio is exposed to credit risk. The diversity of the portfolio mitigates concentration of credit risk. The Fund Manager assessed each of the investments against the investment guidelines, reviews and due diligence. The Investment Committee, which consists of highly experienced members, ensures the Company effectively manages exposure to credit risk. On a half-yearly basis, the Board of the General Partner receives detailed reports and updates from the Fund Manager to enable it to monitor the performance of the underlying investments.

The impact of expected credit losses on assets held at amortised cost is immaterial since it relates to cash, and cash equivalents held at reputable financial institutions with a lowest credit rating of Ba2 resulting in the probability of default being minimal.

Liquidity risk

The Company is exposed to liquidity risk through the ARC Fund's portfolio debt.

The ARC Fund raised a R1 billion revolving credit facility from RMB during January 2020. The facility was amended and increased to R1 500 million during June 2023. The Credit Facility with RMB bears interest at three-month JIBAR plus 3.25% and matures three years from the amendment date. The facility was fully drawn at the end of the current reporting period. Further amendments were made on the facility on 08 August 2024 and the facility was increased to R2 billion.

In terms of the Security Cession and Pledge agreement concluded with RMB, the ARC Fund investments in the following companies have been pledged:

Investee company	Fair value at 30 June 2024 R million	Fair value at 30 June 2023 R million
Acorn Agri and Food	428	215
Fledge Capital Investments	583	583
Rain	5 240	4 516
ARC FSH	6 746	5 078
	12 997	10 392

12.2.2 Other risks continued

Liquidity risk continued

The financial covenants related to the RMB credit facility require that the Net Asset Value, after the limitation of the value of Rain to 30% of the aggregate Intrinsic Value of the Investments, of the ARC Fund is greater than R7 500 million. The Net Asset Value of the ARC Fund at 30 June 2024 amounted to R18 625 million. During the year under review, the ARC Fund complied with the relevant covenants of the facility.

The Company is also exposed to the risk relating to the payment of trade and other payables, which at the reporting date were not significant. The adequacy of the working capital of the Company is assessed by the Board biannually.

13. RELATED PARTY DISCLOSURES

Accounting Policies

Related party transactions are transfers of resources, services or obligations between the Company and a related party (as identified below), regardless of whether a price is charged or not. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). The Company has complied with the provisions of IAS 24, *Related Party Transactions*, in identifying, quantifying, and disclosing the information below.

Company Context in Application of Accounting Policies

The Company is listed on the JSE Limited and is 43.25% owned by African Rainbow Capital Proprietary Limited (ARC), which in turn is 100% owned by UBI. UBI effectively owns 56.52% of the Company. The ultimate majority shareholder of UBI is Ubuntu-Ubuntu Commercial Enterprises (Pty) Ltd, the shares of which are held by trusts, all of which, except The Motsepe Foundation, own those shares for the benefit of Dr PT Motsepe and his immediate family. The Motsepe Foundation applies the benefits of its indirect shareholding in ARC for philanthropic purposes. The Company has identified the following related party relationships and transactional terms that are relevant to the current year's financial statements and that are in the course of ordinary business:

Name	Relationship	Nature of transaction/terms
Companies:		
UBI	Intermediate holding company	- None
	Holder of the C shares for the Performance Participation	- Issue of the C shares (Note 7.1) - The Performance Participation (Note 9) - Conversion of C shares into ordinary shares (Note 7.1)
ARC	Major shareholder	- Asset-for-share transaction prior to listing (Note 7.1)
	Holder of the B share	- Issue of the B share (Note 7.1)
The ARC Fund	South African <i>en commandite</i> Partnership at a partnership interest of 99.95%	- Contribution of Portfolio Assets (Note 5) - Cash capital contribution (Note 5)
General Partner	General Partner in the ARC Fund	- 0.05% in the ARC Fund Capital and partnership profit share - Fund management fees (Note 4.2)

Name	Relationship	Nature of transaction/terms
Key management personnel:		
MC Olivier	Independent Non-executive Director and Chairman	Directors fees
A Currimjee	Independent Non-executive Director	Directors fees
C Msipha	Independent Non-executive Director	Directors fees
S Algoo-Bissonauth	Independent Non-executive Director	Rnil
R Mokate	Independent Non-executive Director	Directors fees
MR Nkadameng	Non-executive Director	Rnil
K Bodenstien	Chief Financial Officer	Executive salary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

13. RELATED PARTY DISCLOSURES *continued*

	30 June 2024		30 June 2023	
	Transactions during the year R million	Balance due from/(to) as at 30 June 2024 R million	Transactions during the year R million	Balance due from/(to) as at 30 June 2023 R million
UBI				
Issue of A shares (Note 7.1) ¹	272	272	–	–
The ARC Fund	742	13 562	–	15 364
Investment in ARC Fund at FVTPL (Note 4.1)	742	13 562	–	15 364
General Partner	(112)	(55)	(98)	(61)
Fund management fees accrued for the year (Note 4.2)	(112)	(55)	(98)	(61)
Directors' interest ²				
Total Directors' interest - 372 521 (June 2023: 365 882) shares in the Company at a 0.02%				
MC Olivier – 305 882 (June 2023: 305 882) shares in the Company at a 0.020% (June 2023: 0.023%) interest	n/a	n/a	n/a	n/a
MR Nkadimeng – 66 639 (June 2023: 60 000) shares in the Company at a 0.004% (June 2023: 0.005%) interest	n/a	n/a	n/a	n/a
Key management personnel	(0.8)	(0.8)	(0.8)	(0.8)
MC Olivier fees accrued	(0.5)	(0.5)	(0.4)	(0.4)
– fees paid to MC Olivier	0.3	0.3	0.2	0.2
C Msipha fees accrued	(0.5)	(0.5)	(0.4)	(0.4)
– fees paid to C Msipha	0.3	0.3	0.2	0.2
R Mokate fees accrued	(0.5)	(0.5)	(0.4)	(0.4)
– fees paid to R Mokate	0.3	0.3	0.2	0.2
A Currimjee fees accrued	(0.5)	(0.5)	(0.4)	(0.4)
– fees paid to A Currimjee	0.3	0.3	0.2	0.2
MR Nkadimeng (paid by the holding company, ARC)	7.5	7.5	5.0	5.0
– Salary	(3.5)	(3.5)	(3.0)	(3.0)
– Bonus	(4.0)	(4.0)	(2.0)	(2.0)
K Bodenstein executive salary accrued	(0.6)	(0.6)	(0.5)	(0.5)
– salary paid to K Bodenstein	0.6	0.6	0.5	0.5

¹ The amount is less than R 1 million and is rounded to Rnil. The amounts are disclosed as they are material in nature.

² There are no changes from 30 June 2024 until the date of these Annual Financial Statements.

14. COMMITMENTS

As at the year ended 30 June 2024, the Company did not have any commitments.

ARC Fund commitments:

ARC Real Estate:

The ARC Fund has committed R500 million to ARC Real Estate to fund the acquisition of properties. No funds had been drawn at the reporting date. Any contributions are subject to approval by the UBI General Partner.

ARCH Emerging Markets Partners

The ARC Fund has committed USD50 million in emerging markets focused themes, including renewable energy power and cold chain storage solutions. As at 30 June 2024, the ARC Fund had contributed USD37.2 million with a remaining commitment balance of USD12.8 million (approximately R328 million).

15. SUBSEQUENT EVENTS

Kropz Group

Subsequent to year-end, the ARC Fund advanced an additional R140 million loan to Kropz Elandsfontein from a new R140 million loan facility that was approved in July 2024.

Kropz Group restructuring

Kropz Plc is the process of implementing a restructuring of the Kropz Group. As part of the restructuring exercise, intercompany debt and certain loans between Kropz Plc, its subsidiaries and the ARC Fund are being converted to equity and new convertible loan notes.

In addition, Kropz Plc is undertaking fundraising to provide Kropz Elandsfontein with additional funds to progress the ramp-up of operations, start early works at Cominco, and settle the maturing external debt. The Kropz Plc fundraising will be conducted at an issue price of 1.387 pence per new ordinary share in Kropz Plc by way of a conditional subscription with the ARC Fund and a retail offer via the REX platform to raise an aggregate GBP 8.9 million (ZAR 209 million), before expenses. The ARC Fund has underwritten the full capital raise amount to provide funding certainty. The ARC Fund will also follow its rights and directly invest R66 million into Kropz Elandsfontein.

Rain

The ARC Fund made an additional investment of R160 million in Rain during August 2024. The shares were acquired from another shareholder.

RMB Credit Facility

The ARC Fund amended its Credit Facility with RMB during August 2024. The facility increased from R1.5 billion to R2 billion and will mature during August 2027. R300 million was drawn from the amended facility during August 2024.

ARC FSH

ARC FSH agreement was signed on 30 August 2024, which resulted in Sanlam Life acquiring a 25% interest in ARC FSH for a cash consideration of R2.4 billion and disposal of its 25% shareholding in ARC FSI, with a value of R1.5 billion, to ARC FSH in exchange for shares to the same value in ARC FSH. Refer to the [SENS announcement](#) published on 02 September 2024.

ARC Fund agreed to sell its shares in Tyme Group to ARC FSH. Following completion of the transactions, the ARC Fund will receive R1.3 billion in cash.

Tyme Group

ARC FSH paid R136 million as part of its second tranche of the Series C+ Capital raise at the end of July 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

16. GOING CONCERN

The financial statements were prepared on the going-concern basis. The assets of the Company, fairly valued, exceed its liabilities. The Directors are of the opinion that the Company will continue as a going concern for the foreseeable future based on forecasts and available cash and borrowing resources.

17. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

No standards that were effective during the year had an impact on the Company.

New standards issued but not yet effective or early adopted:

The following amendments to standards have been published and are deemed relevant to the Company, but are not yet effective and have also not been early adopted:

Standard, amendment or interpretation	Summary of expected impact	Effective for financial periods beginning on or after
Amendments to IAS 1, Presentation of financial statements on classification of liabilities.	Summary of amendment	1 January 2024
	These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	
	Summary impact on the Company	
	The Directors anticipate that these amendments will be applied in the financial statements for the period beginning 1 July 2024. It is expected that this amendment will have minimal impact.	

I - SHAREHOLDER ANALYSIS

The Company complies with the minimum shareholder spread requirements as set out in the JSE Listings Requirements paragraphs 3.37 and 4.28(e) as 20.76% of the A Ordinary shares disclosed below are held by the public at 30 June 2024.

	For the year ended 30 June 2024				For the year ended 30 June 2023			
	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
DISTRIBUTION OF SHAREHOLDERS								
Shareholder type								
Entities in the UBI Group	5	0.01	952 674 717	63.27	5	0.01	809 061 630	60.16
Banks	4	0.01	15 368	–	3	0.00	4 028	0.00
Brokers	14	0.02	1 023 103	0.07	17	0.02	1 219 560	0.09
Close Corporations	34	0.05	869 081	0.06	30	0.04	838 524	0.06
Endowment Funds	3	0.00	655	–	11	0.02	339 328	0.03
Individuals	73 483	98.97	70 592 378	4.69	76 193	98.74	71 583 148	5.32
Insurance Companies	9	0.01	1 791 150	0.12	20	0.03	14 960 907	1.11
Investment Companies	13	0.02	759 563	0.05	15	0.02	858 285	0.06
Key Management & Employee-Related	30	0.04	240 278 696	15.96	33	0.04	186 630 154	13.88
Medical Aid Scheme	–	–	–	–	2	0.00	290 653	0.02
Mutual Funds	13	0.02	37 948 922	2.52	74	0.10	42 584 152	3.17
Nominees and Trusts	277	0.37	13 631 074	0.91	346	0.45	13 578 665	1.01
Other Corporations	84	0.11	1 623 329	0.11	111	0.14	3 164 666	0.24
Pension Funds	28	0.04	164 073 025	10.90	66	0.09	185 407 281	13.79
Private Companies	245	0.33	20 211 219	1.34	235	0.30	14 278 939	1.06
Public Companies	2	0.00	37 272	–	2	0.00	35 059	0.00
Total	74 244	100	1 505 529 552	100	77 163	100	1 344 834 979	100
DISTRIBUTION OF SHAREHOLDERS								
1 - 50 000 shares	73 907	99.55	36 656 917	2.43	76 787	99.51	41 740 420	3.10
50 001 - 100 000 shares	150	0.20	10 884 173	0.72	170	0.22	12 303 447	0.92
100 001 - 1 000 000 shares	155	0.21	39 085 036	2.60	172	0.22	46 147 248	3.43
1 000 001 shares and over	32	0.04	1 418 903 426	94.25	34	0.05	1 244 643 864	92.55
Total	74 244	100	1 505 529 552	100	77 163	100	1 344 834 979	100
PUBLIC/NON-PUBLIC SHAREHOLDERS								
Key Management & Board	30	0.04	240 278 696	15.96	33	0.04	186 630 154	13.88
Non - Public Shareholders (Company related)	5	0.01	952 674 717	63.28	5	0.01	809 061 630	60.16
Public Shareholders	74 209	99.95	312 576 139	20.76	77 125	99.95	349 143 195	25.96
Total	74 244	100	1 505 529 552	100	77 163	100	1 344 834 979	100

I = SHAREHOLDER ANALYSIS

	For the year ended 30 June 2024		For the year ended 30 June 2023	
	Number of shares	% of total issued shares	Number of shares	% of total issued shares
NON - PUBLIC SHAREHOLDERS (Company related)				
African Rainbow Capital (Pty) Ltd	651 077 208	43.25%	584 530 305	43.46
UBI General Partner (Pty) Ltd	109 518 412	7.27%	78 823 621	5.86
K2017386337 (Pty) Ltd	82 382 794	5.47%	74 174 770	5.52
Ubuntu-Botho Investments (Pty) Ltd	76 945 094	5.11%	42 919 384	3.19
ARC Financial Services Investments (Pty) Ltd.	32 751 209	2.18%	28 613 550	2.13
Total	952 674 717	63.28%	809 061 630	60.16
BENEFICIAL SHAREHOLDERS HOLDING OF 5% OR MORE				
African Rainbow Capital (Pty) Ltd	651 077 208	43.25%	584 530 305	43.46
Public Investment Corporation (SOC) Limited	161 711 482	10.74%	180 310 381	13.41
UBI General Partner (Pty) Ltd	109 518 412	7.27%	78 823 621	5.86
Ubuntu-Botho & Sanlam Community Development Trusts	76 945 094	5.11%	74 174 770	5.52
Total	999 252 196	66.37%	917 839 077	68.25

II = SHAREHOLDERS' DIARY

The key dates to be noted by shareholders are as follows:	
Details	Date
Annual General Meeting	14 November 2024
Financial year end	30 June 2024
Year-end results announcement	16 September 2024
Integrated Annual Report published	8 October 2024

III = CORPORATE INFORMATION

Contact Information	African Rainbow Capital Investments Limited (A Company registered and domiciled in the Republic of Mauritius) www.arci.mu
Registration number	C148430
JSE share code	AIL
A2X share code	AIL
ISIN code	MU0553S00000
Directors	Mark Cyril Olivier (Chairperson) Clive Msipha Dr Renosi Mokate Mmamodiane Refiloe Nkadimeng Anil Currimjee Smitha Algoo-Bissonauth
Executive Management	Karen Bodenstein (Chief Financial Officer)
Registered Address	Level 3, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius Registered and incorporated as a private Company in Mauritius on 30 June 2017 and converted to a public Company on 2 August 2017.
Company Secretary	Intercontinental Trust Limited Company number: C23546 Level 3, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius
Investor Relations	investors@arci.mu +230 (403) 0800 +27 (21) 180 0100 +27 (10) 900 0200
Sponsor	Deloitte & Touche Sponsor Services Proprietary Limited Registration number: 1996/000034/07 5 Magwa Crescent, Waterfall City, Gauteng, 2090, South Africa
Transfer Secretaries	Computershare Investor Services Proprietary Limited Registration number 2004/003647/07) Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) South Africa
Independent Auditors	PricewaterhouseCoopers PwC Centre, Avenue de Telfair, 80829, Moka, Republic of Mauritius PricewaterhouseCoopers Inc. Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090, South Africa
Investor Relations	investors@arci.mu +230 (403) 0800 +27 (21) 180 0100 +27 (10) 900 0200
Integrated Annual Report Compilation	Compilation of the ARC Investments Integrated Report – Investorsense Design of the ARC Investments Integrated Report – Idea Exchange



www.arci.mu