

AFRICAN RAINBOW CAPITAL INVESTMENTS LIMITED  
 Incorporated in the Republic of Mauritius  
 Company number: C148430  
 JSE share code: AIL  
 ISIN code: MU0553S00000  
 LEI: 378900F086B090C6FB94

#### CONDENSED UNAUDITED INTERIM RESULTS for the six-month period to 31 December 2021

INAV per share increase of 16.8% (31 December 2020: decrease of 7.6%)  
 Cash in the ARC Fund of R538 million (30 June 2021: R239 million)  
 The debt in the fund increased by 8.6% to R944 million (30 June 2021: R869 million)  
 Kropz valuation increased following the commissioning of Elandsfontein and updated Cominco feasibility study  
 Significant international equity funding secured in TymeBank and TymeGlobal  
 Intrinsic Portfolio Value increased by 14.1% to R14 001 million (30 June 2021: R12 275 million)  
 Disposal of 8.4 million Afrimat Shares for R496 million

#### NATURE OF BUSINESS

African Rainbow Capital Investments Limited (ARC Investments) is a public company which is incorporated in the Republic of Mauritius and holds a Category One Global Business Licence under the Mauritian Financial Services Act 2007 and is regulated by the Mauritian Financial Services Commission.

#### OPERATING ENVIRONMENT

The operating environment for most of the companies in the ARC Fund portfolio remained largely challenging in the period under review. The operating environment was mainly characterised by an already poorly performing economy exacerbated by the ongoing impact of the Covid-19 pandemic. The South African operating environment is expected to be in a protracted period of uncertainty. This is likely to continue to impact the economy adversely at least over the short to medium term.

#### PERFORMANCE HIGHLIGHTS

The Company's intrinsic investment value in the ARC Fund increased by 16.8% from R11 541 million at 30 June 2021 to R13 484 million at 31 December 2021. During the period under review its effective share of the invested assets (or the IPV) has increased by 14.1% from R12 275 million at 30 June 2021 to R14 001 million at 31 December 2021 mainly as a result of a net increase of R2 022 million in asset values.

The IFRS Net Asset Value (NAV) per share increased by 16.5% from R8.85 per share at 30 June 2021 to R10.31 at 31 December 2021 (31 December 2020: R8.84 per share).

The annualised growth in the Company's share in the IPV of the ARC Fund, before the impact of acquisitions and disposals for the year, was 36.2%. The achieved growth is above the 10% Performance Participation hurdle and consequently a provisional amount of R311 million has been recognised in terms of IFRS 2 for the issue of R30 million Performance Participation shares to UBI Proprietary Limited (UBI) according to the terms of the Pre-Listing Statement of the Company. The performance Participation will be calculated at 30 June 2022 for the year then ending to determine the actual number of Performance Participation shares that will be issued to UBI. During the process of listing ARC Investments in 2017, the Company and the General Partner indicated that they would review the fee structure of the ARC Fund after five years. The parties are in a review process, with the aim to conclude matters at the next ARC Investments' Annual General Meeting.

Investment in ARC Fund	Net Asset Value	Net Investment 30 June 21	Net Increase in Net Asset Value	Net Asset Value 31 Dec 21	Percentage change
	R million	R million	R million	R million	
Intrinsic Portfolio Value	12 275	(296)	2 022	14 001	14.10%
Cash in the ARC Fund	239	339	(40)	538	125.10%
Debt in ARC Fund	(860)	(43)	(32)	(944)	8.60%
Other net assets/(liabilities) in the ARC Fund	(104)	–	(7)	(111)	6.70%
UBI GP fee payable	(100)	–	(15)	(115)	15.00%
Other asset (liabilities) in the ARC Fund	(4)	–	8	4	(200%)
Intrinsic Investment in the ARC Fund at FVTPL*	11 541	–	1 943	13 484	16.80%

FVTPL: Fair Value Through Profit or Loss

#### ACQUISITIONS AND DISPOSALS DURING THE PERIOD

During the period under review, in line with the strategy to unlock value, the ARC Fund made acquisitions and disposals amounting to R327 million and R632 million respectively.

##### Crossfin

ARC Financial Services Holdings Proprietary Limited (ARC FSH) acquired 37.33% of Crossfin for R415 million resulting in the ARC Fund's indirect interest of 19% and R207 million respectively. Crossfin is one of Africa's leading independent fintech platforms, as measured by both volume and value of transactions processed through its platform.

##### TymeBank

ARC FSH injected an additional R257 million into TymeBank and TymeGlobal during the period as part of the scheduled capital requirements for the bank. At 31 December 2021 the ARC Fund had an effective interest of 25% in TymeBank, being its 49.9% of the 50.1% interest held by ARC FSH in TymeBank.

##### Sale of Afrimat shares

The ARC Fund sold 8.4 million Afrimat shares for a consideration of R496 million during the reporting period. At 31 December 2021 the ARC Fund held 14 million shares which equated to an approximate 10% shareholding in Afrimat.

##### Kropz Plc

The ARC Fund subscribed for additional shares in Kropz Plc to the value of R55 million in various tranches during the period under review in terms of the convertible loan facility previously entered into. The Fund also made an additional R200 million convertible loan facility available to Kropz Plc to help fund operations at Elandsfontein until production and revenue being generated. At 31 December 2021, R127 million of this total facility had been drawn.

##### ARCH Emerging Markets Partners Limited

During the period under review ARC Investments effectively invested R64 million in the ARCH Cold Chain Solutions East Africa Fund. ARCH Emerging Markets Partners Limited (ARCH EM), which is a joint venture between JCH & Partners LLP and ARC, manages ARCH Cold Chain Solutions East Africa Fund and ARCH Renewable Power Fund.

#### GROWTH IN INTRINSIC PORTFOLIO VALUE

The Intrinsic Portfolio Value (IPV) increased by R1 726 million, comprising net disposals of R296 million, fair value gains including net foreign exchange movements and accrued interest on loans of R2 022 million.

Key Comments: Financial Services Portfolio (26.7% of Fund Value, 30 June 2021: 27.3%)

Alexander Forbes (6.7% of Fund Value, 30 June 2021: 6.2%)

ARC Financial Services Investments Proprietary Limited (ARC FSI) owns 39.9% of Alexander Forbes Group Holdings Limited (AFGH) which is listed on the JSE. The ARC Fund therefore has an effective shareholding of 14.9% in AFGH through its 49.9% interest in ARC FSH. The Company's effective investment in AFGH increased from R767 million at 30 June 2021 to R936 million at 31 December 2021, as a result of the investment of R83 million and fair value gain of R86 million.

TymeBank (10.1% of Fund Value, 30 June 2021: 9.6%)

The bank has been in operation for 36 months, having launched publicly in February 2019. The Covid-19 pandemic and the various levels of the National Lockdown since March 2020 with resultant economic pressure on the consumer adversely impacted a number of the bank's projects. Despite these challenges, TymeBank has demonstrated resilience as it maintains momentum in the number of bank accounts being opened, active accounts and launching new products. The fair value of the TymeBank investment was adjusted to reflect the post-money value of the recently closed capital raising during which Tencent and the CDC invested into TymeBank and TymeGlobal. TymeBank received \$150 million as part of the capital raised while TymeGlobal received \$30 million. The value of ARC FSH's investment in TymeBank increased to R2 831 million net of deferred tax as a result, representing a 20% valuation uplift. The Company's effective interest increased from R1 173 million at 30 June 2021 to R1 412 million at 31 December 2021.

Key Comments: Diversified Investments (73.3% of Fund Value, 30 June 2021: 74.8%)

Rain (24.1% of Fund Value, 30 June 2021: 27.0%)

Rain is on track to exceed its budgeted R1 billion EBITDA for the year ended February 2022. This achievement is viewed as exemplary considering that Rain achieved breakeven only in the last 12 months. The company is likely to continue to benefit from developments in its operating environment. Demand for its products remain strong, even as Covid-19 restrictions are relaxed and employees return to the office. Rollout of 5G coverage progresses well to include more towns across the country as well as expanding coverage in metros. The Rain valuation for 31 December 2021 has remained largely unchanged. This is due to delays in the spectrum auction and uncertainty regarding the timing, cost and size of additional spectrum being allocated to Rain. With temporary spectrum having expired at the end of November, Rain was allocated provisional spectrum and will participate in the spectrum auction when it goes ahead.

Kropz Plc (15.2% of Fund Value, 30 June 2021: 8.9%)

After experiencing several initial setbacks, significant progress has been made at Elandsfontein and the construction of the reconfigured concentration plant is completed. A major milestone was achieved recently with the first introduction of ore into the plant during January 2022. Kropz appointed Hatch in February 2021 to produce an updated feasibility study for Cominco. The updated feasibility study was completed in December 2021 and provided important insights as to the project's cost, capital requirements, estimated life of mine and project value. The updated feasibility study supported a substantially higher valuation of the Cominco asset. The ARC Fund's investment was valued at R2 134 million at 31 December 2021, resulting in a fair value gain of R860 million during the reporting period.

#### MAJOR EVENTS SUBSEQUENT TO REPORTING PERIOD.

Disposal of shares – Afrimat

The ARC Fund disposed of 4 million Afrimat shares for a consideration of R244 million.

#### Global developments

Post the reporting date the unfolding events in Ukraine had significant global short-term repercussions which may continue for a considerable period. The biggest risk for South Africa is mainly the possible impact on commodity prices and financial market volatility.

The board will continue to assess, where possible, any potential and significant adverse impact on the operating environment of the key investee companies in the ARC Fund.

#### Spectrum auction

Rain participated in the spectrum auction which commenced on 8 March 2022. It successfully secured two allocations of 10MHz of the spectrum in the 700 MHz band and for 10 MHz of the 2.6GHz band respectively for R1.15 billion during the Opt-In round of the auction. Following the finalisation of the Opt-In round, Icasa has commenced the main-stage spectrum auction, and the outcome hereof was unknown at the time of finalising this report. The spectrum allocated to Rain will significantly enhance the company's competitiveness.

#### GOVERNANCE & LEADERSHIP

ARC Investments is managed and controlled in Mauritius by an experienced, multinational 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. This includes the investment in the ARC Fund. There are no executive directors on the Board of ARC Investments.

#### ABOUT THIS ANNOUNCEMENT

This short form announcement is the responsibility of the directors and the information contained herein is only a summary of the information in the full Financial Results announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement that was released on <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/AILE/IRResults22.pdf> and on the ARC Investments' website <https://arci.mu/investor-relations/#sens> on 17 March 2022. This short-form announcement does not contain any additional information not appearing in the full Financial Results released on SENS. The full announcement is available for inspection at the registered office<sup>1</sup> and designated office<sup>2</sup> of ARC Investments and the offices of the Sponsor<sup>3</sup> at no charge during normal business hours. Copies of the full announcement may be requested by email from [investors@arci.mu](mailto:investors@arci.mu). Ebène, Mauritius (with simultaneous circulation in Johannesburg).

17 March 2022

Mark Cyril Olivier  
Chairman of the Board

Clive Msipha  
Chairman of the Audit and Risk Committee

Karen Bodenstein  
Chief Financial Officer

SPONSOR  
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

<sup>1</sup>The registered office: Level 3, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius <sup>2</sup> Designated Office: 6th Floor, Phase 3, 11 Alice Lane, Sandhurst, Gauteng <sup>3</sup> The offices of the sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited, 1 Merchant Place Cnr Fredman Drive and Rivonia Road, Sandton, Johannesburg, 2196