

AFRICAN RAINBOW CAPITAL INVESTMENTS LIMITED
 Incorporated in the Republic of Mauritius
 Company number: C148430
 JSE share code: AIL A2X share code: AILJ
 ISIN code: MU0553S00000 LEI: 378900F086B090C6FB94
 ("ARC Investments" or "the Company")

FULL YEAR FINANCIAL RESULTS
 for the twelve-month period to 30 June 2023

Significant advances at several of the large early-stage portfolio companies:
 Rain - Successfully launched rainOne mobile service
 Kropz Plc - Elandsfontein sold 120 000 tonnes of phosphate in the six months to June 2023
 TymeBank and Tyme Global - Successful USD125 million capital raise
 Sanlam 3rd party Asset Management - Conclusion of the Absa Asset Manager transaction
 Capital Legacy - Sanlam's investment in Capital Legacy and acquisition of the Sanlam Trust accounts by Capital Legacy
 RSA - Strong profits exceed combined results for past two years

Financial performance:
 Intrinsic net asset value (INAV) increased by 15.8% to R15 328 million (30 June 2022: R13 242 million)
 INAV per share increased by 13.4% to R11.41 per share (30 June 2022: up 14.7%)
 Cash in the ARC Fund decreased by 25% to R500 million (30 June 2022: R669 million)
 Debt in the ARC Fund increased by 51% to R1 473 million (30 June 2022: R974 million)

Major disposals finalised:
 Disposal of remaining Afrimat shares for R486 million (IRR of 27.7%)
 Disposal of PayProp and Humanstate; ARC Fund receiving R486 million cash (IRR of 19.7%)
 Disposal of Rand Mutual Holding (RMH) for R727 million (IRR of 16.8% for ARC FSI)

Major additional investments:
 R664 million investment by ARC Fund in TymeBank and Tyme Global, largely to fund the acquisition of Retail Capital
 R833 million additional capital advanced to Kropz Plc

New fee structure delivers substantial savings for shareholders

NATURE OF BUSINESS

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.

STRONG PORTFOLIO PERFORMANCE

A tough macro environment put pressure on the economy and consumers and harmed some of our entities' growth. ARC Investments' diverse portfolio has, however, shown remarkable resilience against the persisting challenging macroeconomic environment.

The Company's intrinsic investment value in the ARC Fund increased by 15.8% to R15 328 million at 30 June 2023 (2022: R13 242 million). During the year under review, the Company's effective share of the invested assets (or the IPV) increased by 19.8% to R16 363 million at 30 June 2023 (2022: R13 659 million) as depicted below. The IFRS Net Asset Value (NAV) per share increased by 13.5% to R11.44 at 30 June 2023 (2022: R10.08), due to an increase in the number of shares. The increase in shares was driven by the performance hurdle being met in the prior year.

Investment in ARC Fund R million	Net Asset Value 30 June 22	Net Investment	Net Increase in Net Asset Value	Net Asset Value 30 Jun 23	Percentage change
Intrinsic portfolio value	13 659	553	2 151	16 363	19.8
Cash in the ARC Fund	669	-190	21	500	-25.3
Debt in the ARC Fund	-975	-363	-135	-1 473	51.1

Other net assets/(liabilities) in the ARC Fund	-111	-	49	-62	-44.1
UBI GP fee payable	-110	-	49	-61	-44.6
Other 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

NOTABLE PROGRESS IN RESHAPING THE PORTFOLIO

The portfolio value has begun to reflect the benefits of the early-stage investments approaching profitability, as well as the substantial corporate activity to reposition the portfolio. ARC Fund completed disposals of R1 440 million which included investments in Afrimat, Humanstate, Gemcap (PayProp), Capital Appreciation, and Mooiplaats Coal Holdings (MCH) and ARC Financial Services Investments (ARC FSI) disposed of its investments in Rand Mutual Holdings. ARC Fund also finalised acquisitions of R1 993 million, including additional investments in TymeBank, Tyme Global, ARCH Emerging Markets, Upstream, and Kropz, as well as a small mining services acquisition in SMS Mining Group. ARC FSI acquired a minority holding in Optasia and GoSolr.

As part of its revised strategy, ARC Fund has disposed of smaller and non-core assets in its Diversified Investments portfolio, reduced its exposure to listed shares that can be acquired directly in the market, and increased the weighting of the Financial Services portfolio through bolt-on acquisitions and synergistic transactions, as well as an increased Fintech exposure. As a result of these transactions, Mining, Property and Business Process Outsourcing exposure has decreased, while exposure to future-focused growth areas in Financial Services, Telecommunication, Agriculture and "Diversified financials" has notably increased. The collective efforts of management and investment partners also delivered synergy benefits and excellent progress in early-stage investments in the current year.

A variety of initiatives have been implemented to narrow the gap between the intrinsic and market values. These include:

Efforts to streamline the portfolio and position it in future-focused areas.

The top 13 investments now comprise 88% of the value of the portfolio.

Portfolio valuations have been validated through several disposals at full value.

The internal rate of return (IRR), based on disposal profits as well as dividends were: Afrimat (27.7%); Humanstate and Payprop (19.7%); Capital Appreciation (12.0%), MCH (carrying value) and RMH (in ARC FSI) (16.8%).

The management and performance fees have been reduced by more than 50%.

The unlisted portion of the fund that is only accessible through ARC Investments, has grown to 89% of the portfolio.

MANAGEMENT FEE AND PERFORMANCE PARTICIPATION FEE

The General Partner fee structure review was finalised and approved at the Annual General Meeting in November 2022 with an effective date of 1 July 2022. The approved fee structure is based on the General Partner charging actual cost plus a 5% markup. The management fee for the year ended 30 June 2023 was R98 million, compared to R225 million for 2022.

In terms of the newly approved performance participation fee structure, the C shareholders share in 16% of the growth in ARCI NAV above the 10% hurdle.

The adjusted annualized growth in IPV for the year ended 30 June 2023 amounted to 15.8%, which is above the hurdle. Accordingly, a provisional performance amount of R122 million was recognised for 2023, relative to R273 million in the prior year.

The management and performance fee combined reflect a substantial saving for investors.

RESILIENCE SUPPORTED BY PORTFOLIO DIVERSIFICATION

ARC Fund's key underlying investments generated strong performance, which accelerated progress towards profitability at several of the ARC Fund's pre-break-even portfolio companies.

Rain - 27.6% of Fund Value - The ARC Fund's share in the value of the investment in Rain increased by R881 million from R3 635 million in June 2022 to R4 516 million in June 2023. This increase in value can largely be attributed to the business progressing

beyond the period of significant net-cash outflow as well as the recent acquisition of additional spectrum. Rain launched its 4G mobile voice offering together with its new 5G home product, rainOne, during May 2023. Since launch there has been strong interest in rainOne and Rain continue to receive positive feedback from new and existing customers. The business is tracking well against budgets.

Rain is budgeted to achieve an EBITDA of over R2.5 billion for the year ending February 2024 after taking into account IFRS 16 adjustments, as is industry practice.

Rain continues its ambitious rollout and marketing strategy to cover more towns across the country and will continue densifying coverage in all major metros.

Tyme SA Holdings (TymeBank) - 12.3% of Fund Value - TymeBank had acquired 7.4 million customers by June 2023. TymeBank and The Fochini Group (TFG) launched a partnership resulting in 600 kiosks being installed across 22 TFG brands almost doubling TymeBank's distribution across South Africa. TymeBank acquired Retail Capital, the largest Small Medium Enterprises (SME) funder of its kind in the sector, to support its offering to its business banking clients. The valuation of TymeBank was adjusted to reflect the Series B3 and pre-series C capital raise that was concluded in December 2022 and April 2023 to fund the acquisition of 100% of Retail Capital.

The ARC Fund's share in the value of the investment in TymeBank increased to R2 200 million at 30 June 2023 (2022: R1 417 million).

Kropz Plc - 11.7% of Fund Value - The ARC Fund maintained its financial support of the Kropz Elandsfontein operations during its ramp-up phase by extending R833 million during the 2023 financial year. Kropz Elandsfontein continues to make progress towards achieving financial independence and profitability. Good progress has been made in improving processing stability and average run times of close to 95% were achieved between December 2022 and June 2023. Elandsfontein has also successfully produced and sold 120 000 tonnes of phosphate in the six months to June 2023.

Kropz is finalising a new mine plan and feasibility study for a reduced-scale starter project at its Cominco resource in the Republic of Congo. The ARC Fund's investment value increased to R1 919 million at 30 June 2023 (2022: R1 028 million).

Alexforbes - 7.0% of Fund Value - The Company's effective investment in Alexforbes increased to R1 139 million at 30 June 2023 (2022: R963 million). Alexforbes' share price performed well during the year under review, resulting in a net fair value gain of R176 million being recognised.

Tyme Group Africa Pte (Tyme Global) - 4.8% of Fund Value - Tyme Global successfully launched its digital bank, GOtyme, in the Philippines with its partners, JG Summit in November 2022. GOtyme had attracted 1 million customers by mid-August 2023, with high customer activity rates. The fair value of the Tyme Global investment was adjusted to reflect the post-money value of the recently closed pre-Series C capital raise.

The ARC Fund's share in the value of the investment in Tyme Global increased to R902 million at 30 June 2023 (2022: R500 million).

EVENTS AFTER REPORTING PERIOD

Kropz Group - During August 2023, the ARC Fund advanced an additional R60 million loan from an existing loan facility to help fund operations at Elandsfontein. Furthermore, in September 2023 the ARC Fund approved an additional R250 million loan facility to Kropz Elandsfontein. This additional facility will be used to fund Elandsfontein's capital expenditure to increase operational capacity and assist Elandsfontein in meeting its creditor obligations and working capital needs.

Rain - ARC Fund made an additional investment of R81 million in Rain during August 2023.

Capital raise - Tyme Group - During September 2023, the ARC Fund approved an additional investment of R75 million in Tyme Group.

LEVEL OF ASSURANCE

PricewaterhouseCoopers Inc., ARC Investments' independent auditors have audited the annual financial statements of the Company and expressed an unmodified opinion thereon. Their report also includes communication of key audit matters. This opinion is available, along with the annual financial statements on the Company's website at <https://arci.mu/investor-relations/#sens> on 14 September 2023 and also available for inspection at the Company's registered office.

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 directors of ARC Investments take full responsibility for the preparation of this report and the financial information has been correctly extracted from the underlying financial statements. Any forecast financial information contained in this announcement is the responsibility of the directors and has not been reviewed or reported on by the external auditors.

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 annual financial statements and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full annual financial statements that were released on the JSE Cloudlink at <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/AILE/FY2023AFS.pdf> and the ARC Investments' website <https://arci.mu/investor-relations/#sens> on 14 September 2023. The full annual financial statements are available for inspection at the registered office¹ and designated office² of ARC Investments. Copies of the full annual financial statements may be requested by email from investors@arci.mu.

14 September 2023

Ebène, Mauritius (with simultaneous circulation in Johannesburg)

Mark Cyril Olivier
Chairman of the Board

Clive Msipha
Chairman of the Audit and Risk Committee

Karen Bodenstein
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SPONSOR

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