

African Rainbow Capital Investments Limited
(Incorporated in the Republic of Mauritius)
(Registration number C148430)
JSE and A2X share code: AIL
ISIN: MU0553S00000
("ARC Investments" or "the Company")

INVESTMENT UPDATE

ARC Investments is a Limited Partner in an en commandite partnership, the ARC Fund Partnership SA ("ARC Fund"). This announcement provides shareholders with a high-level update on the Company's progress on strategic matters and a performance overview of the significant investments in the ARC Fund for the first quarter of the 2024 financial year, being the 3 months to 30 September 2023.

This announcement also includes commentary on significant developments to the end of November 2023.

MACRO ENVIRONMENT

The economic environment during the period under review has been marked by significant challenges, including elevated interest rates, disruptions to electricity supply, high unemployment and pressure on disposable incomes. Notwithstanding these unfavourable conditions, several portfolio companies have demonstrated resilience, and we remain committed to identifying promising investment opportunities.

DIVERSIFIED INVESTMENTS PORTFOLIO

rain

The take-up of rainOne, which combines mobile and fixed-wireless, unlimited data, free monthly calls and data for two phones, and a fixed-5G connection, increased steadily during the period under review. This increase was driven by the conversion of existing customers from legacy products in addition to the acquisition of new clients. Collections on rainOne products continue to outperform legacy products while cancellations are lower. rain continues to meet its monthly financial targets.

Kropz Plc (Kropz)

Kropz Elandsfontein faced another challenging period between 30 June 2023 and 30 September 2023. Localised flooding, heavy rains and breakages impacted both mining and processing operations at Elandsfontein, leading to increased production downtime. Kropz managed to produce and sell 63 900 tonnes of phosphate concentrate between 30 June 2023 and 30 September 2023.

Kropz aims to step up its production levels by installing an additional centrifuge in February 2024. The ARC Fund showed its continued support of the project and the ongoing operational ramp-up at Kropz Elandsfontein and extended an additional R290 million of capital between 30 June 2023 and 30 September 2023.

Bluespec

Bluespec has experienced significant growth over the past few years and is on track to meet its growth budget following strong volumes and financial performance growth across the various parts of the group. The group continues to leverage technology to drive efficiencies, significantly grow assessment volumes, and improve customer satisfaction and retention. Furthermore, the group has managed to

contain operating costs whilst growing market share. The group has maintained its Level 1 B-BBEE, which is a material differentiator in the market. We remain confident about the growth prospects of this group.

Ooba

The ooba group has performed well through a tough economic cycle and environment, with persisting high inflation and interest rates, amongst other variables placing pressure on end consumers. Ooba's financial performance is tracking its budget, with the management team ensuring that they continue to drive higher daily intake, registrations, conversion rates, and average bond size. Management has launched a few innovative customer offerings in response to market demand using its national footprint and strategic partnerships. These initiatives are showing early good market-fit traction.

Agri portfolio

The consolidation and focusing efforts relating to the Agri portfolio are progressing well. We continue to be confident that the agri-focused pillar will achieve sustainable long-term growth and continue to contribute to broader objectives of enhancing food security.

The RSA Group continued to deliver a strong performance for the period under review with an ongoing focus on financial prudence and strict cost controls. The RSA Group continued to build on growing its market share and national presence. The group continues investigating inorganic growth opportunities and exploiting emerging business development opportunities.

Upstream Group of companies

The Upstream group experienced growth in both existing clients as well as the acquisition of new clients whilst managing costs closely. The group has experienced both a higher value and a higher number of accounts entering debt review. The reason for this is twofold: Creditors are extending additional credit to the same pool of consumers, and consumers are entering the debt review process a lot sooner than in previous years.

The group leverages technology across its operations to improve efficiencies and ensure the scalability and growth of its service offering at relatively lower costs. The team remains excited about future growth opportunities. Upstream continues to explore synergies across the ARC network to ensure sustainable growth and strategic fit of the Upstream group.

FINANCIAL SERVICES PORTFOLIO

TymeBank

Tyme (including TymeBank and GoTyme) has an annual revenue run rate of over R1.8 billion for TymeBank and R100m for GoTyme. Across its two markets – South Africa and the Philippines – the business is growing at a pace of 450,000 new customers a month as it works to provide consumers, particularly the underserved and financially excluded portion of the population, quality financial services.

TymeBank now serves over 8 million customers since its launch in February 2019, with a current monthly acquisition rate of 200,000 customers. The bank registers an average of 23 million monthly transactions and a 70% 30-day account activity rate. The focus remains on profitability in the coming months.

GoTyme in the Philippines launched in October 2022 in partnership with the Gokongwei Group and is currently onboarding c.250,000 customers per month with a total customer base of 1,6 million customers. The bank is exceeding most of its metrics, with deposit growth significantly ahead of forecasts. It will launch the SME merchant cash advance product in the Philippines in the coming weeks.

The Tyme group is currently in the process of closing the Series C Capital raise with a combination of existing and new shareholders.

Crossfin

The South African consumer has felt and continues to feel the pressure of the current economic environment. This has resulted in constrained consumer spend, which has impacted transaction value processed for the Crossfin portfolio. However, despite the tough operating environment, the Crossfin portfolio has shown resilience, with financial performance ahead of the prior year. During the period under review, Crossfin expanded its portfolio through an early-stage investment in Mypinpad.

Capital Legacy

On 3 February 2023, Sanlam announced the conclusion of an agreement to acquire 26% of Capital Legacy in exchange for the Sanlam Trust business and cash. This transaction closed during the period under review. A focus area for management has been integrating the Sanlam Trust business and launching enhanced Wills and Estate product offerings into the Sanlam Group.

GoSolr

The rollout of solar installations slowed during the quarter under review relative to the previous quarters, reflecting wider industry trends and reduced instances of load shedding relative to the first half of calendar year 2023. Management is working on several initiatives to increase the run rate of installations, focusing on highlighting the cost-effectiveness of residential solar solutions, in addition to convenience during periods of load shedding.

Disclaimer

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

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