

EPE CAPITAL PARTNERS LTD
(INCORPORATED IN THE REPUBLIC OF MAURITIUS)
(REGISTRATION NUMBER: C138883 C1/GBL)
ISIN: MU0522500005
SHARE CODE: EPE
("ETHOS CAPITAL" OR "THE COMPANY" OR "THE GROUP")

UNAUDITED INTERIM FINANCIAL RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2023

INTRODUCTION

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is an investment holding company, registered, and incorporated in Mauritius and listed on the Johannesburg Stock Exchange ("JSE"). It invests directly into Funds or Co-Investments that are actively managed by Rohatyn Management South Africa (Pty) Limited ("TRG SA"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies"). In addition, TRG SA acts as the Company's Investment Advisor.

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

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

The NAV of each Fund is derived from the fair values of the underlying Portfolio Companies which are prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines, and largely consists of investments being valued on an earnings or revenue multiple method. In terms of this method, an appropriate valuation multiple, as derived from public market companies' multiples and adjusted by the investment manager for certain factors, is applied to an investment's maintainable earnings (e.g., earnings before interest, taxes, depreciation and amortisation ("EBITDA")) or revenue to determine the enterprise value of the investment that is then adjusted for surplus assets or net debt to derive the equity value of the investment attributable to its shareholders.

RESULTS ANNOUNCEMENT

Key highlights over the six-month period

- Unlisted portfolio NAV decline of 3%, driven by difficult operating conditions and currency devaluation.
- 26% growth in attributable EBITDA of the unlisted portfolio, with the top 5 investments growing both LTM

Revenue and LTM EBITDA by 14%.

- Despite strong operational improvement in Brait's investments over the past year, including the listing of the Premier Group and full repayment of the Brait RCF, the share price fell by 43% over the period.
- Decrease of c.15% in the NAVPS to R7.31 (valuing Brait at its share price), with decrease of c.5% to R9.89 (valuing Brait at its fully diluted NAVPS).
- Carrying value of invested capital at R2.4 billion with exposure to 22 Portfolio Companies.
- Strategy reset in November 2023 to monetise the asset base and a return of capital to shareholders.

Overview

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

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

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

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

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

Brait had a transformational year with the listing of Premier which resulted in the full repayment of Brait's R3

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

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

FINANCIAL POSITION AND INVESTMENT PORTFOLIO

EXTRACT OF STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	R'million	R'million	R'million	R'million
ASSETS				
Non-current assets				
Unlisted investments at fair value	2,411.0	2,688.1	2,411.0	2,688.1
Current assets	15.6	20.0	15.1	19.5
TOTAL ASSETS	2,426.6	2,708.1	2,426.1	2,707.6
EQUITY AND LIABILITIES				
Total Ordinary shareholders' equity	1,856.9	2,172.1	1,955.7	2,358.1
Non-current liabilities	560.3	526.5	461.1	340.0
Current liabilities	9.4	9.5	9.3	9.5
Total Liabilities	569.7	536.0	470.4	349.5
TOTAL EQUITY AND LIABILITIES	2,426.6	2,708.1	2,426.1	2,707.6
NET ASSET VALUE				
Basic Net Asset Value per share (Rand)	7.31	8.56	7.31	8.82
Attributable shares in issue ('000)	253,885	253,885	267,385	267,385

INVESTMENT PORTFOLIO - AT 31 DECEMBER 2023

Valuation

Name	R'million	% of total assets
Primary/Secondary Investments		
TRG AF VII	792.9	32.7
Ethos Mid Market Fund I	705.0	29.1
Ethos Ai Fund I	233.0	9.6
Ethos Healthcare Platform	127.9	5.3
Ethos Fund VI	63.1	2.6
Ethos Mezzanine Partners 3	24.7	1.0
Co-Investments		
Brait EB	150.2	6.2
Brait	136.7	5.6
Optasia	84.1	3.5
Primedia	83.3	3.4
Kevro	10.1	0.4
	2,411.0	99.4

TOP 10 UNDERLYING PORTFOLIO COMPANIES - AT 31 DECEMBER 2023

Name	Business description	Year*	% of Total assets
Optasia	FinTech service provider	2018	30.9
Synerlytic	Specialised analytical and testing services	2019	9.5
Crossfin	FinTech group	2021	7.1
Vertice	MedTech	2018	6.9
Virgin Active (Brait)	Health club operator	2020	6.5
Gammatek	TMT accessory distribution	2018	6.1
Echo	Corporate ISP	2018	4.6
TymeBank	Banking	2019	4.3
Primedia	Media	2017	3.7
Premier (Brait)	FMCG manufacturer	2020	2.4
			82.0
Brait EB	Exchangeable bonds	2021	7.2
Other (12 Portfolio Companies)			10.2
Total underlying investments			99.4

* Initial acquisition date by TRG SA Fund

AVAILABILITY OF RESULTS

The unaudited interim results, including the Summarised Interim Financial Statements, are available from today at the below JSE cloudlink,

<https://senspdf.jse.co.za/documents/2024/JSE/ISSE/EPEE/EPECAP1223.pdf>

and are published on the Company's website at,

<https://ethoscapital.mu/investors/reports-results/>

This results announcement is the responsibility of the Directors of Ethos Capital and does not provide full or all of the details and therefore any investment decision should be based on a consideration of the unaudited interim results as a whole, that is available for viewing from today at the links as set out above.

PRESENTATION

Ethos Capital will host a webcast presentation at 13h00 on Monday 11 March 2024 covering the results relating to the six-months ended 31 December 2023, and outlook. A copy of the presentation will be available for download on the Company's website at

<https://ethoscapital.mu/investors/reports-results/>

Participants can obtain access via one of the following link:

<https://www.diamondpass.net/6153636>

CORPORATE INFORMATION

Directors

Yvonne Stillhart (Chairperson)

Derek Prout-Jones

Kevin Allagapen

Michael Pfaff

Yuvraj Juwaheer

Senior Advisors (Officers)

Jean-Pierre van Onselen (CFO)

Peter Hayward-Butt (CEO)

Investment Advisor

TRG Management South Africa (Pty) Ltd

Rosebank Towers

15 Biermann Avenue
Office Level 3
Rosebank, 2196

Company Secretary and Registered Office
Ocarina
6th Floor, Tower A,
1 Cybercity
Ebene
Mauritius

Auditors
Deloitte
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Johannesburg, 2090

Listing
JSE Limited
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials - Closed End Investments

Transfer Secretaries
Computershare Investor Services Proprietary Limited
15 Biermann Avenue
Rosebank, 2196

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road

Sandton, 2196

Disclaimer

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

Ebene, Mauritius (with simultaneous circulation in Johannesburg)

11 March 2024

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)