



Interim Financial Results Presentation

For the six months ended 31 December 2021



ARC

INVESTMENTS

17 March 2022

Presenters



Johan van Zyl
co-CEO, ARC

- CEO of UBI
- Member of ARC Board
- Member of ARC Financial Services Investments Board
- Member of UBI Board
- Member of UBI General Partner Board



Refiloe Nkadimeng
Chief Financial Officer: UBI & ARC

- Member of ARC Investments Board
- Member of ARC Board
- Member of ARC Financial Services Holdings Board
- Member of ARC Financial Services Investments Board
- Member of Investment Advisory Committee of UBI General Partner

OUTLINE

- 01** Performance Highlights
- 02** Strategy & structure
- 03** Operating environment
- 04** Financial review
- 05** Portfolio review
- 06** Major post reporting period events
- 07** Outlook

In brief: Performance highlights

IPV up 14.1% to R14 billion

INAV per share up 16.8% to R10.24

R538 million in cash

Rain exceeded R1 billion EBITDA for FY 2022 (ending February 2022)

R2 billion in fair value gains, of which major contributors are:

- **Kropz: R860 million gain**
 - Elandsfontein generating first revenue (post year-end)
 - Phosphate prices significantly up year-on-year
 - Revaluation of Cominco
- **Banking: R643 million gain**
 - TymeBank & TymeGlobal recent transactions confirm value – significant international equity funding
- **ARCI: R179 million gain**
 - >60% share price growth

01

STRATEGY & STRUCTURE



ARC
INVESTMENTS



Who we are & what we do



**Investment holding company,
acquiring minority interests
in companies in specific
economic sectors**

**Credible player in empowerment
transactions; given track record,
leadership, networks and
capital position**

**Investments are made with strong
stand-alone credentials but also
good synergy potential in mind**

**We aim to provide investors with
an attractive diversified portfolio of
assets and above market return
over the longer term**



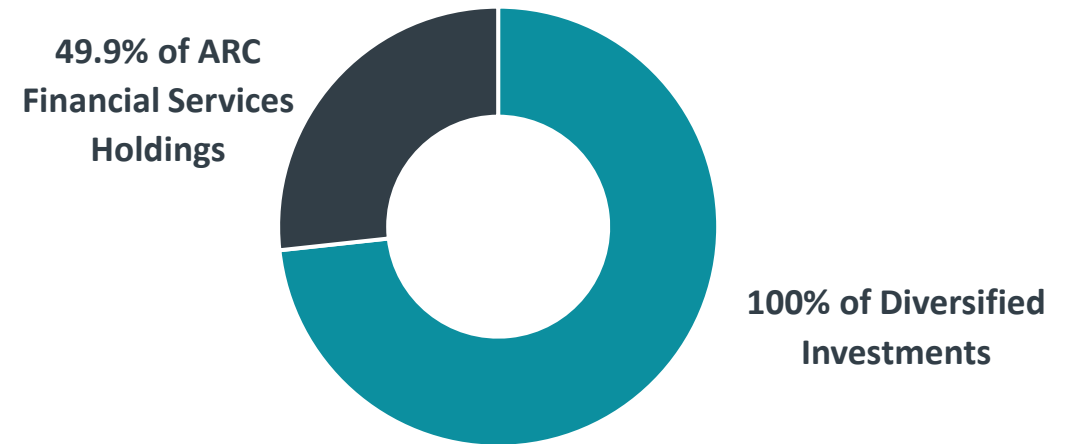
- Diversified Investments
- Financial Services

Value created in two focus areas

Value creation in the ARC Group
(unlisted entity)



Value creation in the ARC Fund
(listed entity)



Likely future position is to have increased exposure to financial services investments



- Diversified Investments
- Financial Services

Value created in two focus areas

Diversified Investments

Strategy implementation to date

- Acquired significant minority interests in businesses with distinct sector focus
- Focus is on telecoms, agriculture, BPO, mining & energy, private equity
- Solid management & sector expertise
- Limited synergy potential, but strong client pool prospects for financial services

Strategy going forward

- Telecoms – Rain is main asset in this sector
- Mining & Energy – Kropz is main asset
- BPO – reassess, weigh options
- Agri – explore synergy opportunities within portfolio
- Private Equity – Fledge is main asset



- Diversified Investments
- Financial Services

Value created in two focus areas

Financial Services Investments

Strategy implementation to date

- Acquired significant minority interests in leading providers of products and services
- Focus on insurance, asset management, retirement provision, banking, digital & fintech, and specialist financial services
- Prospect of strong financial services synergy play

Strategy going forward

- Revenue synergies between distribution businesses & related product providers
- Limited acquisitions, divestitures where relevant
- Alliances & possible corporate activity between relevant investee companies



What investee companies offer us & what we offer investors

Value proposition of investee companies

- Attractive growth prospects, with significant synergy potential
- Established market position, footprint & performance track record
- Cash flow generation
- Consolidation & cross-selling opportunities
- Innovation potential

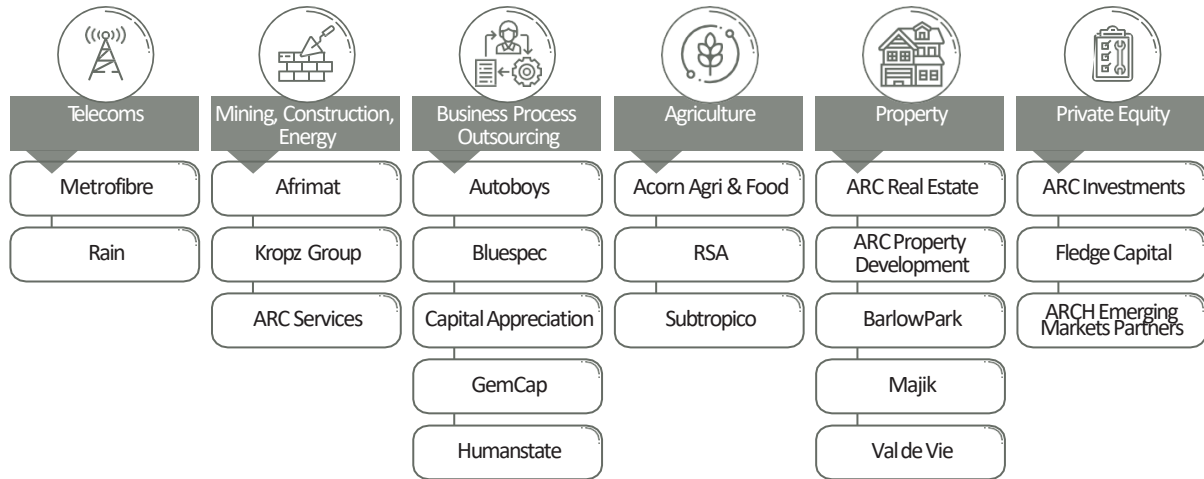
Value proposition to JSE investors

- Diversified portfolio of investments, targeted at key sectors
- High quality underlying (illiquid) listed & unlisted investments
- Attractive mix of cash generative and start-up growth businesses
- Compelling & broad-based empowerment credentials
- Listed entity provides liquidity to investors, whereas investments in Fund may be illiquid

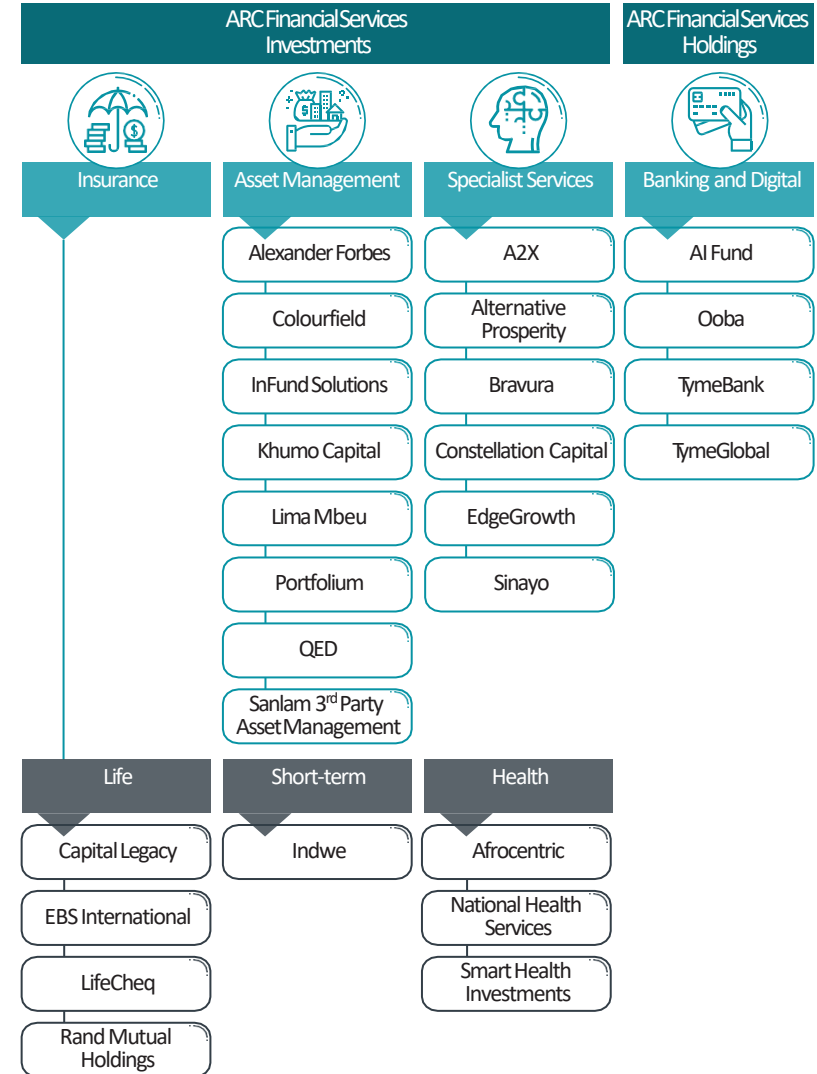
Portfolio overview



Diversified Investments

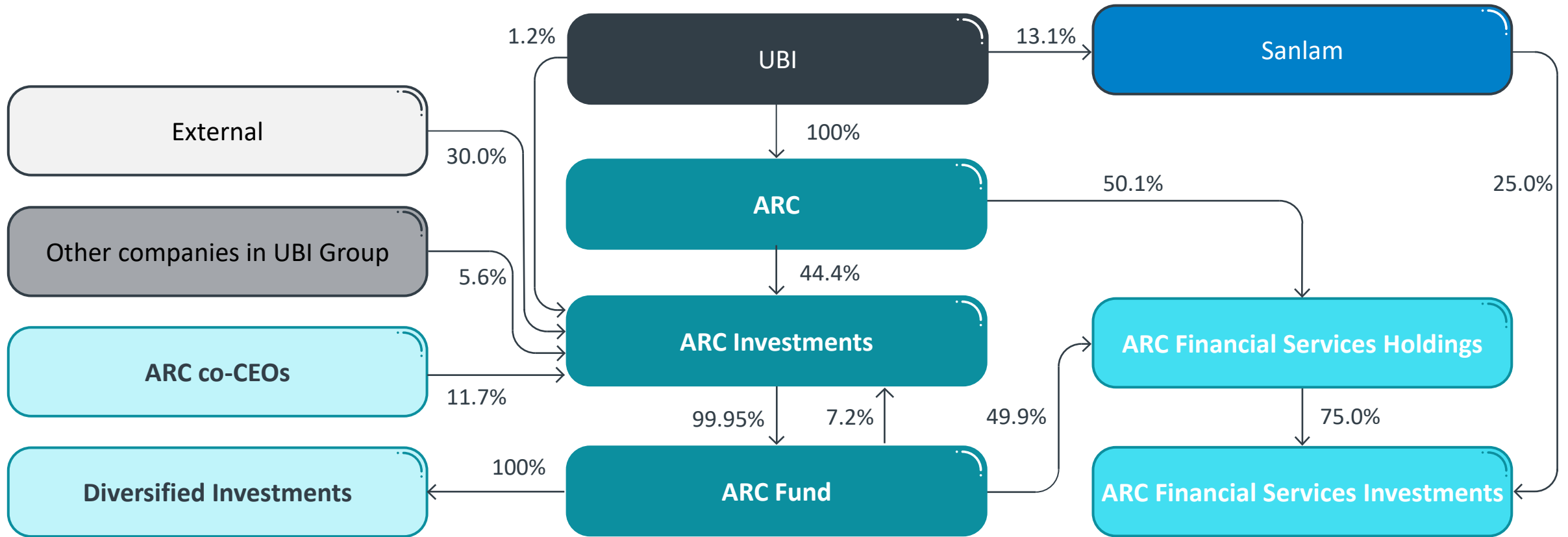


Financial Services





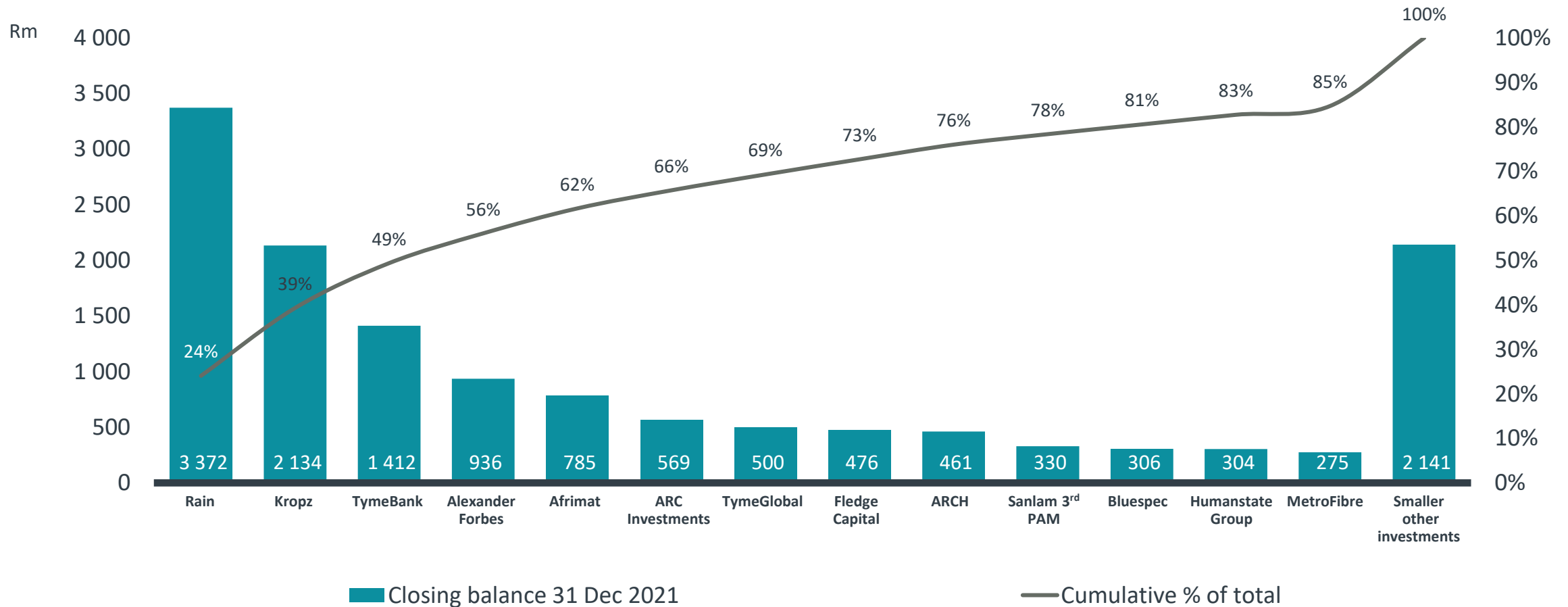
UBI effectively owns 51.2% of ARC Investments



Top 13 investments in the ARC Fund



Investments >2% of total portfolio



02

OPERATING ENVIRONMENT



ARC
INVESTMENTS



Trading conditions generally remain constrained

**Covid-19 less of an impact in the review period –
no new adverse financial or operational events to report**

Many portfolio companies delivered subdued performance in line with trading environment

Portfolio companies who adapted to current trading environment continue to excel

Revised business plans at start of pandemic; uptick in results now becoming evident

03

FINANCIAL REVIEW



ARC
INVESTMENTS

Key financial highlights



Intrinsic Portfolio Value

up 14.1%

R14 001m

(30 June 2021: R12 275m)

Intrinsic Net Asset Value (INAV)

per share increase of 16.8%

R10.24

(30 June 2021: R8.77)

IFRS Net Asset Value (NAV)

per share increase of 16.5%

R10.31

(30 June 2021: R8.85)

Debt in the ARC Fund

increased by 8.6% to

R944m

(30 June 2021: R869m)

Cash in the ARC Fund

increased by 125.1% to

R538m

(30 June 2021: R239m)

Fair Value Gains

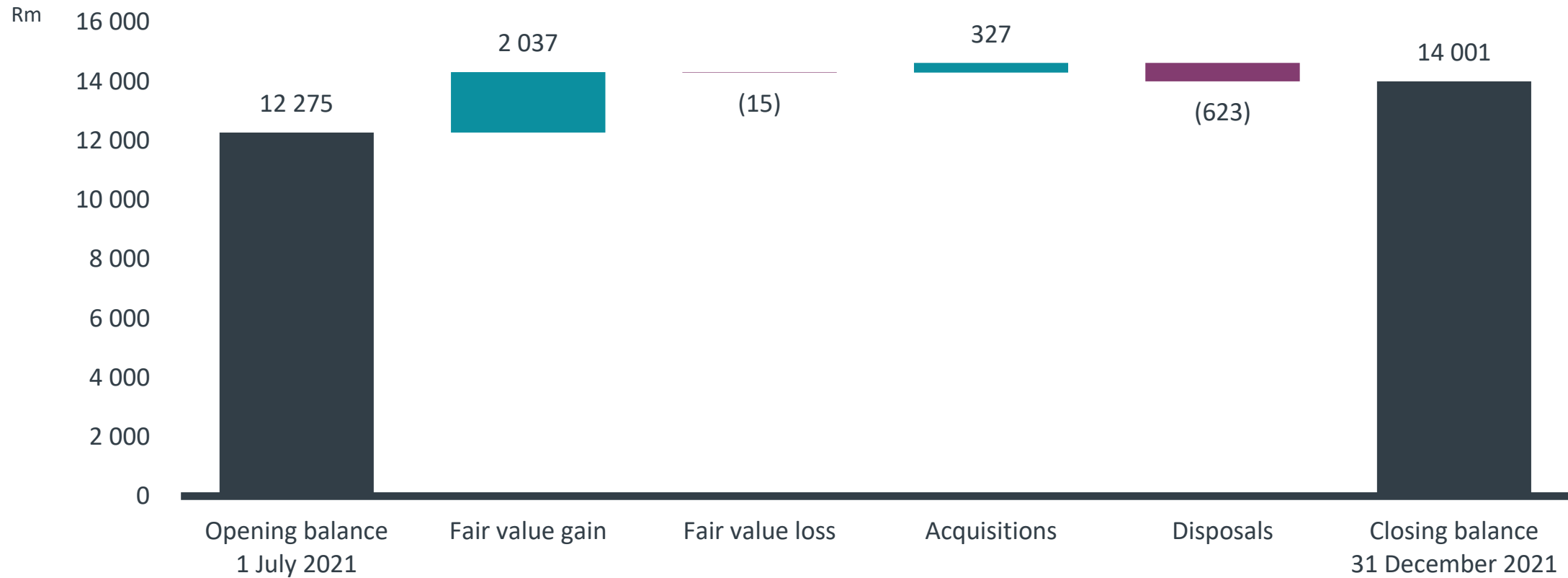
increased by 109.4% to

R1 996m

(31 December 2020: R953m)



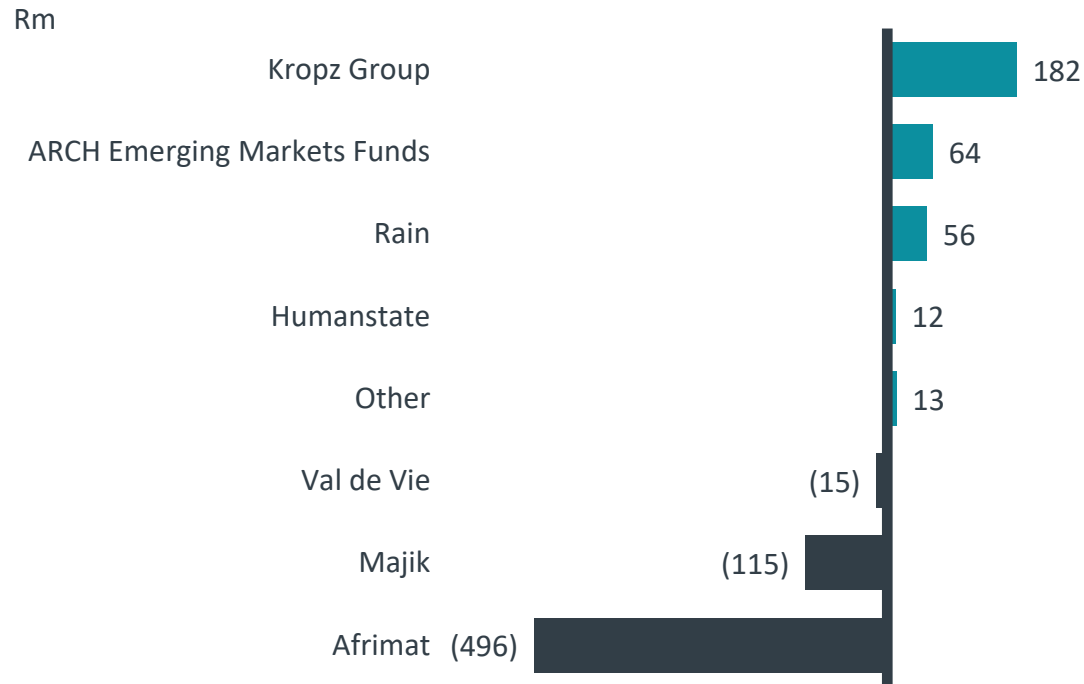
Intrinsic portfolio value movement from 1 July 2021 to 31 December 2021



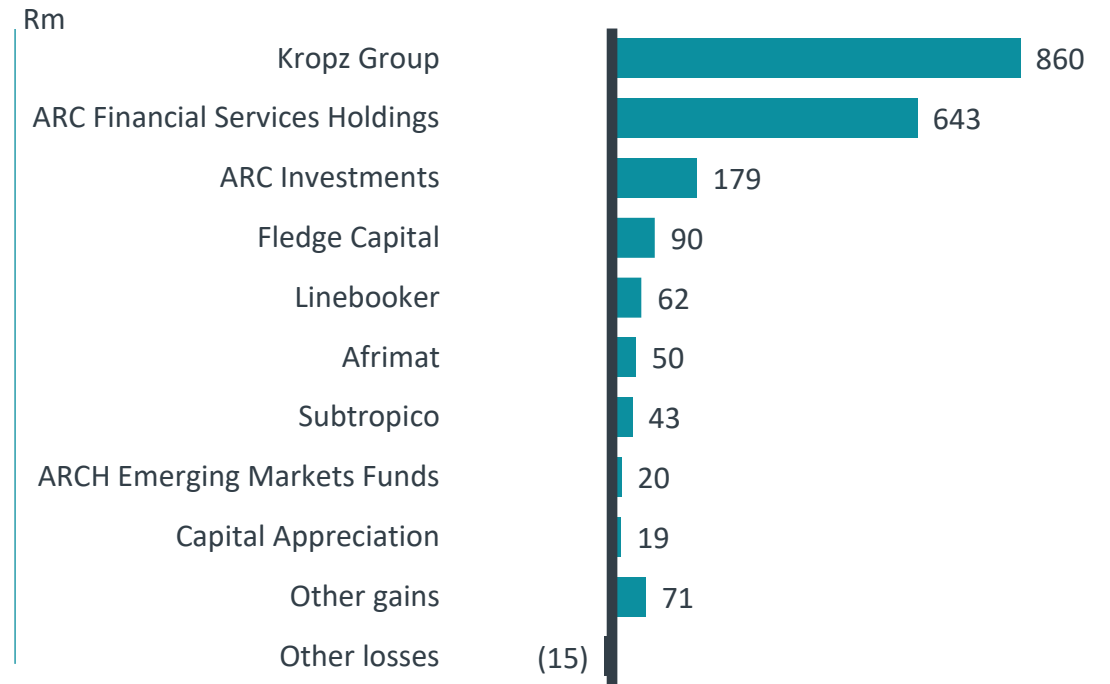
Additions & fair value gains



ARC Investments' effective additions and disposals for the six-months ended 31 December 2021



Fair value, foreign exchange and disposal gains and losses for the six-months ended 31 December 2021





ARC Investments' portion of ARC Fund's NAV movements

Investment in ARC Fund (Rm)	Net Asset Value 30 June 2021	Net investment	Increase in Net Asset Value	Net Asset Value 31 Dec 2021	Growth in Net Asset Value	Net Asset Value Per share
Intrinsic portfolio value	12 275	(296)	2 022	14 001	14.1%	10.62
Cash in the ARC Fund	239	339	(40)	538	>100%	0.41
Debt in ARC Fund	(869)	(43)	(32)	(944)	8.67%	(0.72)
Other net assets/(liabilities) in the ARC Fund	(104)	-	(7)	(111)	6.7%	(0.08)
Intrinsic investment in the ARC Fund at FVTPL	11 541	-	1 943	13 484	16.8%	10.23

	Net Asset Value 30 June 2021	Net investment	Increase in Net Asset Value	Net Asset Value 31 Dec 2020	Growth in Net Asset Value	Net Asset Value Per share
Intrinsic portfolio value	10 556	399	949	11 904	12.8%	9.03
Cash in the ARC Fund	35	(93)	462	404	>100%	0.31
Debt in ARC Fund	(440)	(143)	(8)	(591)	34.3%	(0.45)
Other net assets/(liabilities) in the ARC Fund	(203)	64	26	(113)	44.3%	(0.09)
Intrinsic investment in the ARC Fund at FVTPL	9 948	227	1 429	11 604	16.6%	8.80

Valuation approach – Key Investments

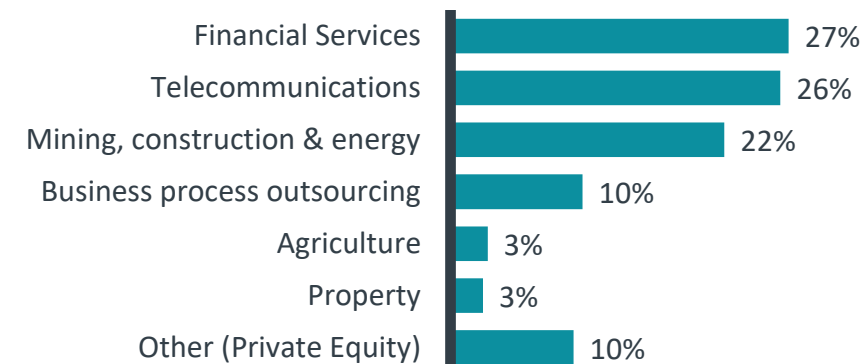


Investment (Rm)	Intrinsic Portfolio Value (IPV)	IPV before discount	Revaluation	Valuation approach	Control premium	Minority discount	Marketability discount	Discount rate/ PE multiple applied Dec 2021	Discount rate/ PE multiple applied June 2021
Diversified investments									
Rain	3 372	4 404	2	DCF	n/a	12.5%	12.5%	15.58%	15.26%
Kropz Group	2 134	2 337	860	Sum of the parts - DCF	n/a	n/a	16% - 20%	20.7%	20.4%
Afrimat	785	785	50	30-day VWAP	n/a	n/a	n/a	n/a	n/a
ARCI Limited	569	569	179	30-day VWAP	n/a	n/a	n/a	n/a	n/a
Fledge Capital	461	461	90	Sum of the parts - EBITDA	n/a	n/a	n/a	6.5x	6.5x
Bluespec	304	460	-	PE Multiple	n/a	17.4%	20%	8x	8x
Gemcap	285	285	14	Sum of the parts - EBITDA	n/a	n/a	n/a	9x	7.4x
Balance of portfolio	2 351	2 386	185	Various					Various
Total diversified investments	10 261	11 687	1 379						
Financial Services Investments									
TymeBank	1 412	1 412	117	Recent transaction	n/a	n/a	n/a	n/a	n/a
Alexander Forbes Group Holdings	936	1081	86	30-day VWAP	20%	10%	n/a	n/a	n/a
TymeGlobal	500	500	403	Recent transaction	n/a	n/a	n/a	n/a	n/a
Sanlam 3rd PAM	306	306	-	Acquisition cost	n/a	n/a	n/a	n/a	n/a
Rand Mutual Holdings	259	341	14	EV and PE Multiple	n/a	10.7%	13.6%	7.0x	7.5x
Balance of portfolio	1 535	1 431	417	Various					Various
Total financial services investments	4 448	4 571	634						

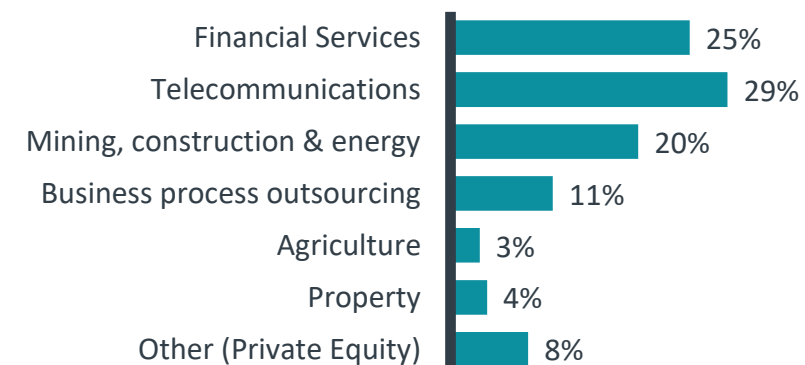


	Fund value (Rm)		
	31 Dec 2021	30 June 2021	% change
Diversified investments			
Telecommunications	3 647	3 582	1.8
Mining, construction & energy	3 027	2 428	24.6
Business process outsourcing	1 458	1 322	10.2
Agriculture	411	376	9.3
Property	358	472	(24.1)
Private Equity	1 360	1 003	35.5
Total ARCI's share of Fund's Diversified Investments	10 261	9 183	11.7
Financial services			
ARC Financial Services Holdings	3 740	3 092	20.9
Total ARCI's share of Financial Services' Invested Portfolio Value net of liabilities	3 740	3 092	20.9
Total ARCI's share of Fund's Invested Portfolio Value	14 001	12 275	14.1

31 December 2021



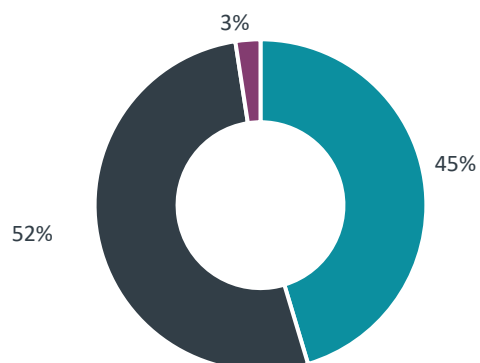
Balance at 30 June 2021



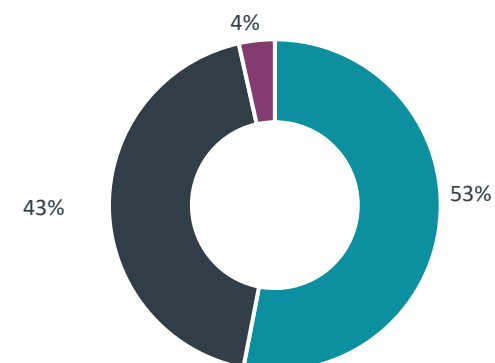


	Fund value (Rm)		
	31 Dec 2021	30 June 2021	% change
Financial services			
■ Insurance and asset management	2 018	1 775	13.7
■ Banking & digital	2 322	1 454	59.7
■ Specialist financial services	108	117	(7.7)
Total ARCI's share of Financial Services' Invested Portfolio Value	4 448	3 346	32.9
Net liabilities	(708)	(254)	178.7
Total ARCI's share of Financial Services' Invested Portfolio Value net of liabilities	3 740	3 092	21.0

31 Dec 2021



30 June 2021



04

PORTFOLIO OVERVIEW



ARC
INVESTMENTS



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Rain	20.2	24.1	3 372	3 314
MetroFibre	8.7	2.0	275	268

Rain

- Rain continues to experience good demand for both 5G & 4G services
- Roll-out of 5G services to new towns continues well
- Company exceeded R1bn EBITDA for year ended Feb 2022
- Valuation for period remained largely unchanged, as a result of delays in spectrum auction and uncertainty regarding the timing, cost & size of additional spectrum being allocated to Rain

MetroFibre

- MetroFibre delivered a satisfactory performance in the period under review, despite some roll-out challenges experienced due to Covid-19
- ARC Fund has reached an agreement to dispose of its entire investment in MetroFibre
- Fair value was calculated as the net present value of the expected proceeds to be received from the disposal



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Kropz Group	83.7	15.2	2 134	1 092
Afrimat	10.6	5.6	785	1 231
Other*	100.0	0.8	108	105

Kropz Group

- After experiencing initial setbacks, significant progress made at Elandsfontein; construction of reconfigured plant completed
- Major milestone achieved: first introduction of ore into the plant
- Value of investment increase as a result of:
 - Elandsfontein generating first revenue
 - Improved phosphate price outlook
 - Revaluation of Cominco, the company which owns the mining rights of a significant phosphate deposit at Hinda in the Republic of Congo (ROC)
- Carrying value of Cominco previously kept at cost when it was acquired in Nov 2018
- Updated feasibility study by international consultants Hatch provided key insights on project costs, capital requirements, estimated life of mine and project value

Afrimat

- The ARC Fund disposed of 8.4m shares at a price of R59.00 per share for a total consideration of R496m in period under review
- As a result, ARC Fund shareholding in Afrimat decreased from 16% at 30 Jun 2021 to 10% at 31 Dec 2021
- The capital profit on this disposal amounts to R287m generating an IRR of 27.84%

* ARC Services



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Bluespec	24.8	2.2	304	304
Gemcap	100.0	2.0	285	651
Other*	Various	6.2	869	367

Gemcap

- During period under review, most assets held by Gemcap were sold to the ARC Fund as part of a group restructure, with the exception of Payprop
- Payprop SA demonstrated resilience as it recovered revenues following a challenging operating period at the onset of Covid-19
- Payprop UK became cash flow positive

Bluespec

- Bluespec management successfully implemented several interventions to improve performance, following adverse trading environment
- Significant improvement in financial performance and profitability
- Bluespec shareholders receiving healthy dividends

* Autoboy's | Capital Appreciation | Consumer Friend | CSG Holdings | Humanstate | Infoslips | Linebooker | Moonstone



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Total*	Various	2.9	411	376

General comments on agriculture businesses

- Mixed sets of results from all agriculture business, due to challenging operating environments
- Management implemented a series of initiatives to improve financial performance
- All agriculture businesses operate in the secondary market of the agriculture sector, thus only partial exposure to primary sector (farming) via Acorn Agri & Food
- Going forward, agriculture remains strategically key as a pillar in overall investment portfolio

* Acorn Agri & Food | Subtropico | RSA



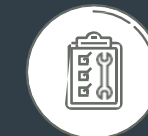
Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Total*	Various	2.6	358	472

General comments on property investments

- At Val de Vie the onset of Covid-19 pandemic resulted in some delays in property sales, although the business is now showing signs of early recovery
- Development and construction remains on track
- ARC Fund will hold its position until development phase is completed
- Lowered exposure to UK market

* Majik | ARC Real Estate | ARC Property Development | Barlowpark | Val de Vie



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
ARC Investments	7.2	4.1	569	386
Fledge Capital	25.9	3.3	461	371
ARCH Emerging Market Partners	50.0	2.3	330	246

ARC Investments

- ARC Fund increased its investment in ARC Investments from R386m at 30 Jun 2021 to R569m at 31 Dec 2021
- Fair value gain of R179m and additional investment of R4m at an average cost of R3.88 per share made

Fledge Capital

- Net Asset Value increased by 32% in period under review, largely as a result of disposal of We-Buy-Cars
- 78% IRR achieved on disposal
- Partnership with Fledge restructured, ARC now with 51% shareholding in BEE vehicle

ARCH Emerging Market Partners

- Fundraising prospects dampened by Covid-19; recent relaxation of travel restrictions support fundraising progress
- Cold Chain Solutions East Africa Fund have raised \$25m; \$80m committed against target fund size of \$100m
- African Renewable Power Fund (ARPF) achieved final close in Jul 2021 at \$132m with 75%-80-% of capital being deployed by mid-2022
- Sustainable Resources Fund launched in Oct 2021; anchor investors provided \$25m commitment; Fund to capitalise on potential new metals super cycle; target fund size is \$500m
- ARC Fund committed a total of \$50m to ARCH Funds; \$4m which was contributed during period under review; a further \$25m undrawn



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Alexander Forbes Group Holdings (AFGH)	14.9	6.7	936	767
Sanlam 3 rd Party Asset Management	9.4	2.2	306	306
Rand Mutual Holdings (RMH)	11.2	1.8	259	245
Other*	Various	3.7	517	457

AFGH

- ARC Financial Services Investments holds a 39.9% interest in AFGH
- ARC Fund therefore holds 14.9% in AFGH
- AFGH is listed and performance information is publicly available
- Management strategy implementation is progressing well
- Outlook for institutional employee benefits environment is largely positive; AFGH likely to benefit from industry regulation

Sanlam 3rd PAM

- ARC Financial Services Investments holds 25% interest in Sanlam 3rd PAM
- ARC Fund therefore holds 9.3% in Sanlam 3rd PAM
- Business experienced downward margin pressure, and as a result delivered modest profit growth
- Business expected to benefit from Sanlam/ABSA transaction to be implemented over next 12 months

RMH

- ARC Financial Services Investments holds 30% interest in RMH
- ARC Fund therefore holds 11.2% in RMH
- RMH administers workers compensation for mining employees who are injured in the course and scope of employment
- Services include payment of medical costs, once-off disability payments, on-going payments of pensions
- RMH has expanded market; now sells non-COID products to other metal groups



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
TymeBank	25.1	10.1	1 412	1 173
TymeGlobal	25.1	3.6	500	90
Other*	Various	2.9	410	191

TymeBank

- ARC Financial Services Holdings (ARC FSH) holds 50.1% interest in TymeBank
- ARC Fund therefore holds 25.1% interest in TymeBank
- Bank has been in operation for 36 months, having launched in Feb 2019
- Covid-19 and economic pressure on consumers have adversely impacted a number of Bank's growth projects
- Despite challenges, the Bank maintained momentum with opening of new bank accounts, active accounts and new products

TymeGlobal

- ARC Financial Services Holdings (ARC FSH) holds 50.1% interest in TymeGlobal
- ARC Fund therefore holds 25.1% in TymeGlobal
- TymeGlobal is the international vehicle through which the Tyme group's intellectual property is held
- TymeGlobal's growth strategy is two-fold:
 - Use its intellectual property to build more digital banks in emerging markets
 - Grow via white labelling the technology as Software-as-a-Service
- TymeBank remains TymeGlobal's core client at present
- Beyond TymeBank, TymeGlobal's immediate next priority is the successful launch of GoTyme, the digital bank in Philippines mid-2022

* Crossfin | Ooba | Ethos AI Fund



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (Rm)	
			31 Dec 2021	30 June 2021
Total*	Various	1.1	108	117

General comments on specialist businesses

ARCI's effective interest in the IPV of the Specialist Financial Services decreased by R9m from R117m as at 30 June 2021 to R108m at 31 December 2021

- Businesses generally held up well
- Key asset is A2X; business is performing well as it adds more companies who secondary list on its platform
 - 54 instruments listed to trade with joint market cap of more than R5 trillion
 - Have secured 7 brokers who account for 60% of all market activity in SA

* A2X, Alternative Prosperity, Bravura, Constellation Capital, EdgeGrowth, Sinayo Capital

05

MAJOR POST REPORTING PERIOD EVENTS



ARC
INVESTMENTS



Sale of Afrimat shares

- The ARC Fund sold 4 million Afrimat shares for a consideration of R244m after the reporting date

Global developments

- Post the reporting date the unfolding events in Ukraine had significant global short-term repercussions which may continue for a considerable period
- Most significant risk for SA is the possible impact on commodity prices and financial market volatility
- Management will continue to assess, where possible, any potential and significant adverse impacts on the operating environment of the key investee companies in the ARC Fund



Spectrum Auction

- Rain participated in spectrum auction during the Opt-In round, securing access to:
 - 2 allocations of 10MHz each spectrum in the 700 MHz band
 - 10 MHz of the 2.6GHz band
 - R1.15bn total investment
 - Main-stage spectrum auction result unknown at the time of finalising this report



Context

- At listing ARC Investments in 2017, the Company and the General Partner indicated that the ARC Fund fee structure would be reviewed after five years
- Both annual management fees and performance fees

Current position

- Global & domestic investment & trading environment has changed considerably since listing
- Fee structure being reviewed by company and General Partner
- Feedback from shareholders and general investor community to be taken into account
- Aiming to conclude matters before 30 June 2022, with changes implemented for FY 2023



Listed for 4 years, strategic review now appropriate

Financial Services portfolio

- Consolidate where strategically relevant
- Extract synergistic opportunities
- Focus on fintech & digital platform with bolt-on opportunities
- Sanlam a key partner

Diversified Investments (non-financial) portfolio

- Disposals where strategically relevant
- Less focus on mining assets
- Explore category synergy opportunities (i.e., agri)
- Create focus on key assets

Review over next 1-2 years; signals a step change

- Portfolio building blocks in place
- Pruning the portfolio's long tail
- Capital management key to achieve sustained growth, rather than acquisitions
- Normalisation of cash flows, existing outflows, but also inflows via dividends and divestments

06

OUTLOOK



ARC
INVESTMENTS



Internal view

- Cash management key priority – both at ARC Fund and key investee company level
- Revised business plans at start of pandemic; results now becoming evident
- Ongoing focus to keep staff healthy and productive
- On-going focus on synergy opportunities among investee companies: some early success; others taking longer than expected
- Capex requirements managed well over remainder of financial year

External view

- SA operating environment likely to remain challenging
- Impact of Covid-19 in next 6-12 months expected to be less uncertain
- Low expectation of significant improvement in economic growth over medium term
- Key investee companies expected to navigate challenges of operating environment

QUESTIONS

