



ANNUAL FINANCIAL RESULTS

For the year ending 30 June 2022

13 September 2022

PRESENTERS



Johan van der Merwe
ARC co-CEO



Refiloe Nkadimeng
ARC & UBI CFO



Johan van Zyl
ARC co-CEO, UBI CEO



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HIGHLIGHTS

- ▶ INAV per share increase of 14.7% to R10.06
- ▶ Intrinsic Portfolio Value up 11.3% to R13 659 million (excludes cash)
- ▶ Major investments
 - Rain to benefit from spectrum acquisition
 - Significant international equity funding secured in TymeBank & Tyme Global, driving value
 - Disposal of 12.4 million Afrimat shares, netting R740 million
 - Kropz Elandsfontein navigating challenges
- ▶ Cash in the ARC Fund of R669 million at end June 2022
- ▶ Debt in the ARC Fund increased by 12.1% to R974 million
- ▶ Management fee under review – proposals to be decided on by shareholders at AGM

01

STRATEGY
& STRUCTURE



OUR VALUE PROPOSITION



Credible player in empowerment transactions in select economic sectors

We harness our credentials, business track-record, partner networks and broader eco-system to add value to our investments

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

We aim to provide investors with an above market return and an attractive diversified portfolio of assets



HOW WE DO IT – TWO MAJOR THRUSTS

Financial Services Investments

- Focus on insurance, asset management, banking & digital, and specialist financial services
- Invest in leading providers of financial products and services
- Develop revenue synergies between distribution businesses and related product providers within the portfolio

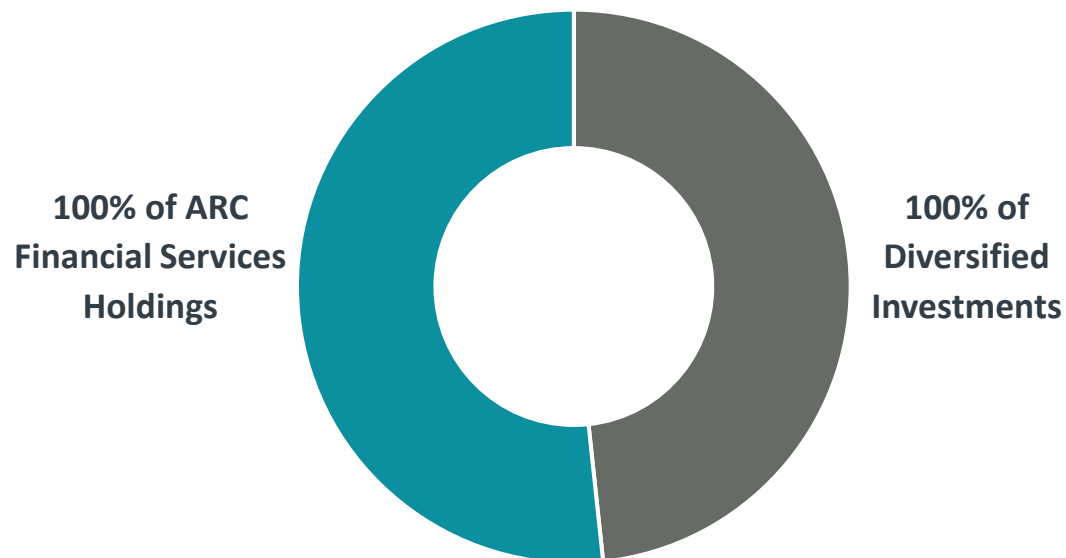
Diversified Investments

- A separate and distinct focus on diversified (non-financial services) investments within select sectors that are well-positioned for growth
- Focus on telecoms, agriculture, BPO, mining & energy, property, private equity
- Acquire meaningful minority interests in specific non-financial services sectors
- Investments are made where we have strong partnerships with solid sector expertise

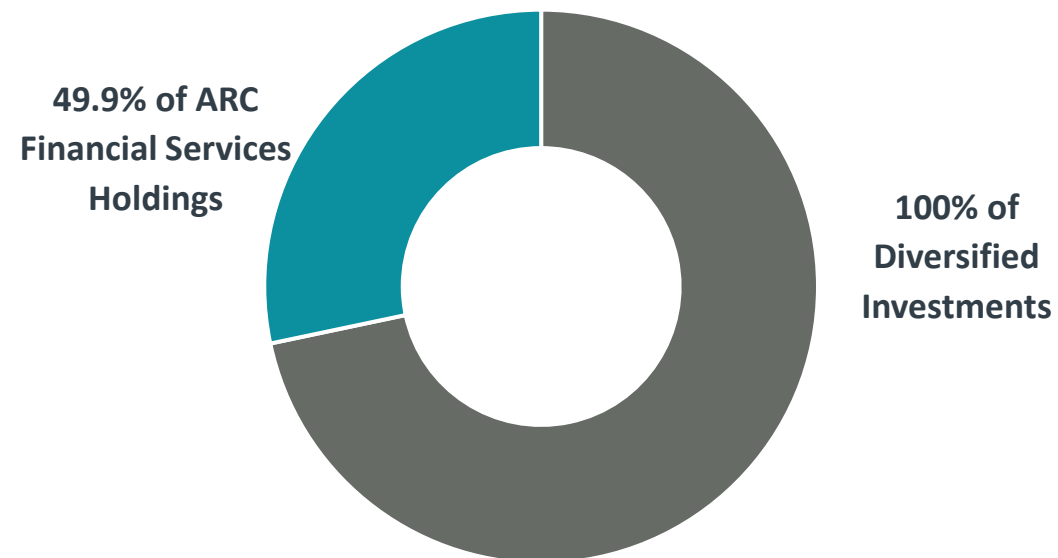
WHERE WE FOCUS



Value creation in the ARC Group
Total Assets under Management
(unlisted entity)



Value creation in the ARC Fund
Total Assets under Management
(listed entity)



Going forward, the focus is to increase exposure to financial services investments

MILESTONES ACHIEVED – FINANCIAL SERVICES INVESTMENTS



Strategy implementation to date

- Investments in Sanlam 3rd Party AM (including ABSA AM), Alexforbes, TymeBank, & Tyme Global, Crossfin, Capital Legacy, RMH, Colourfield, Afrocentric, etc.
- Sanlam's and Alexforbes' cross purchases of Client Administration and Employee Risk Benefits to increase respective focus, and remove conflicts
- TymeBank – new CEO, international shareholders attracted, significant organic growth
- Crossfin's Retail Capital being sold to TymeBank to drive SMME focus

Strategy going forward

- Focus on growing existing businesses, both organically and bolt-on opportunities
- Therefore, limited future acquisitions of size expected
- Also, some pruning of portfolio to be expected
 - driven by unsolicited offers
 - divesting from some smaller investments; or where non-strategic fit; or lower returns expected
- Continue to extract synergy opportunities
- Tech opportunities, in particular late-stage fintech plays, across the portfolio

MILESTONES ACHIEVED – DIVERSIFIED INVESTMENTS



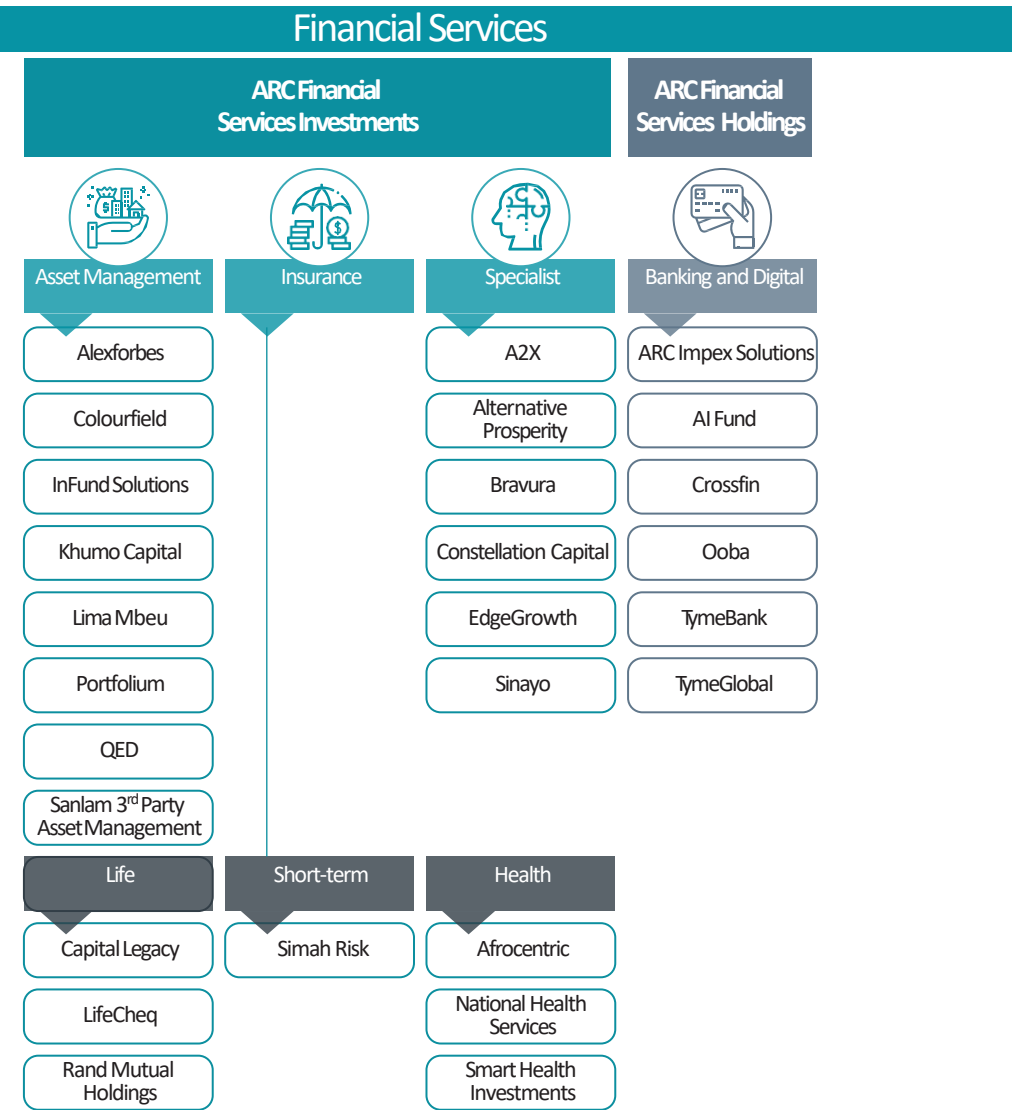
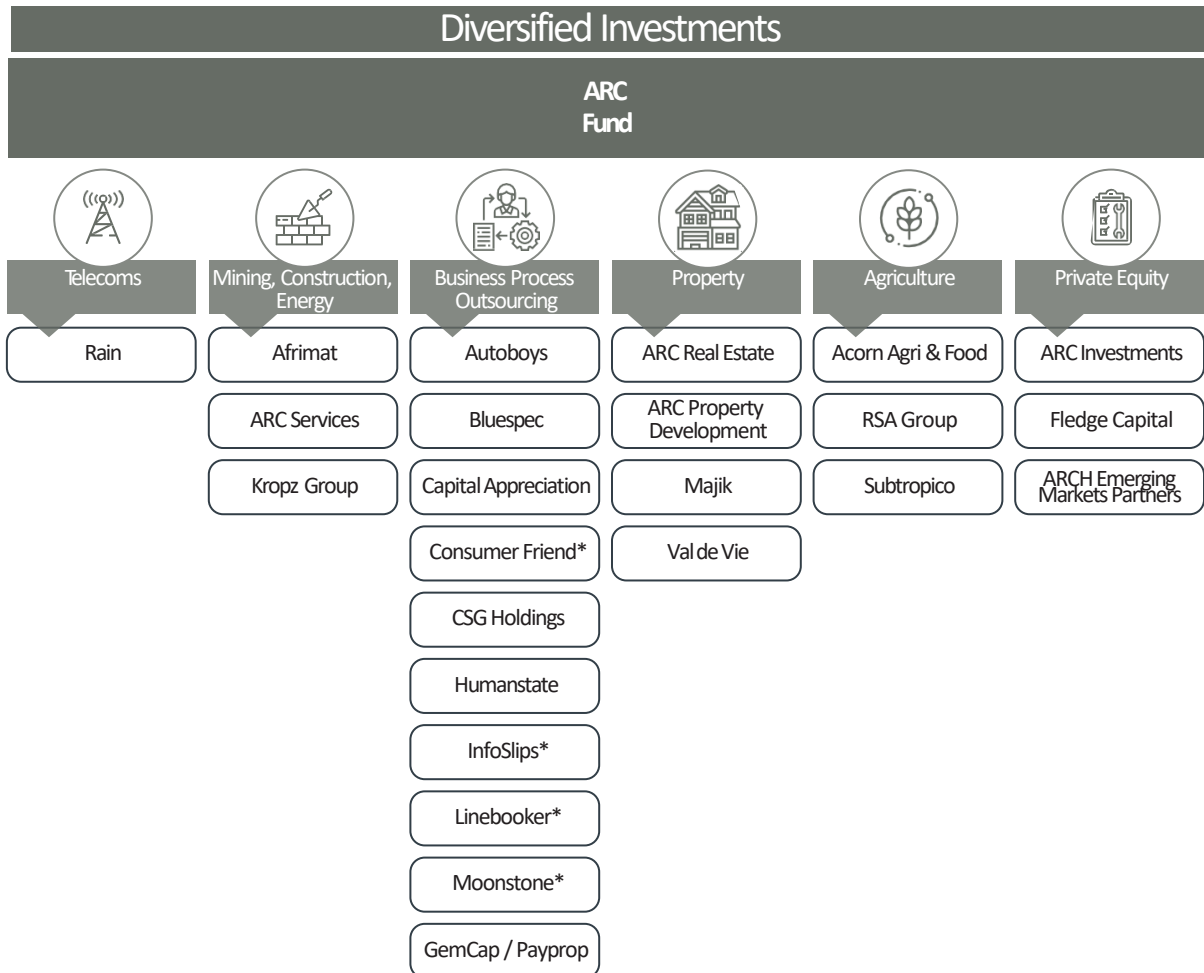
Strategy implementation to date

- Rain successful spectrum acquisition
- Successful unbundling of GemCap assets completed
- Managing challenges at Kropz – Cominco feasibility project completed
- Afrimat – significant value created and realised
- Disposed of Mooiplaats coal colliery
- Increased investment in ARCH EM Partners
- Increased indirect interest in RSA Group
- Sale of Metrofibre

Strategy going forward

- Reduce focus on mining; future focus on beneficiation and services
- Reduce focus on property due to limited deal flow
- Unbundling of GemCap assets; some assets potentially marked for sale
- Tech businesses offer significant upside
- Pipeline of opportunities with Fledge Capital
- Strengthen focus on agri & food value chain

PORTFOLIO OVERVIEW

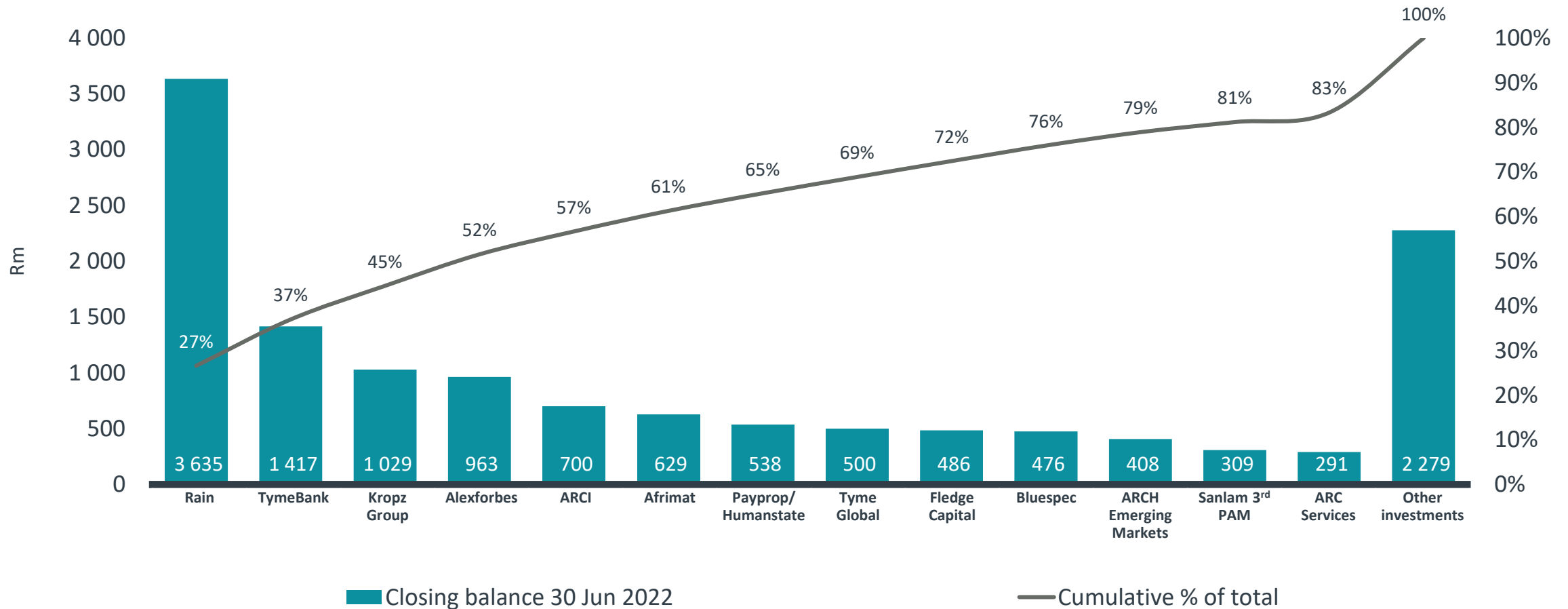


* Investments that were unbundled from GemCap

TOP 13 INVESTMENTS IN THE ARC FUND



Investments >2% of total portfolio



02

OPERATING
ENVIRONMENT



OPERATING ENVIRONMENT



Constrained trading conditions due to contracting economy



Economic recovery post Covid-19 underway in some sectors; adverse financial pressure on consumers persist



Equity market performance has improved in some respects, although increased volatility impacts investor sentiment



Many investee companies delivered satisfactory performance, despite tough trading environment



Investee companies who adapted to current trading environment continue to excel

03

FINANCIAL
REVIEW



KEY FINANCIAL HIGHLIGHTS



Intrinsic Net Asset Value (INAV)

per share increase of **14.7%** to

R10.06

(30 June 2021: R8.77)

IFRS Net Asset Value (NAV)

per share increase of **13.9%**

R10.08

(30 June 2021: R8.85)

Intrinsic Portfolio Value

up **11.3%**

R13 659m

(30 June 2021: R12 275m)

Debt in the ARC Fund

increased by **12.1%** to

R974m

(30 June 2021: R869m)

Cash in the ARC Fund

increased by **179.9%** to

R669m

(30 June 2021: R239m)

Fair Value Gains

increased by **99.5%** to

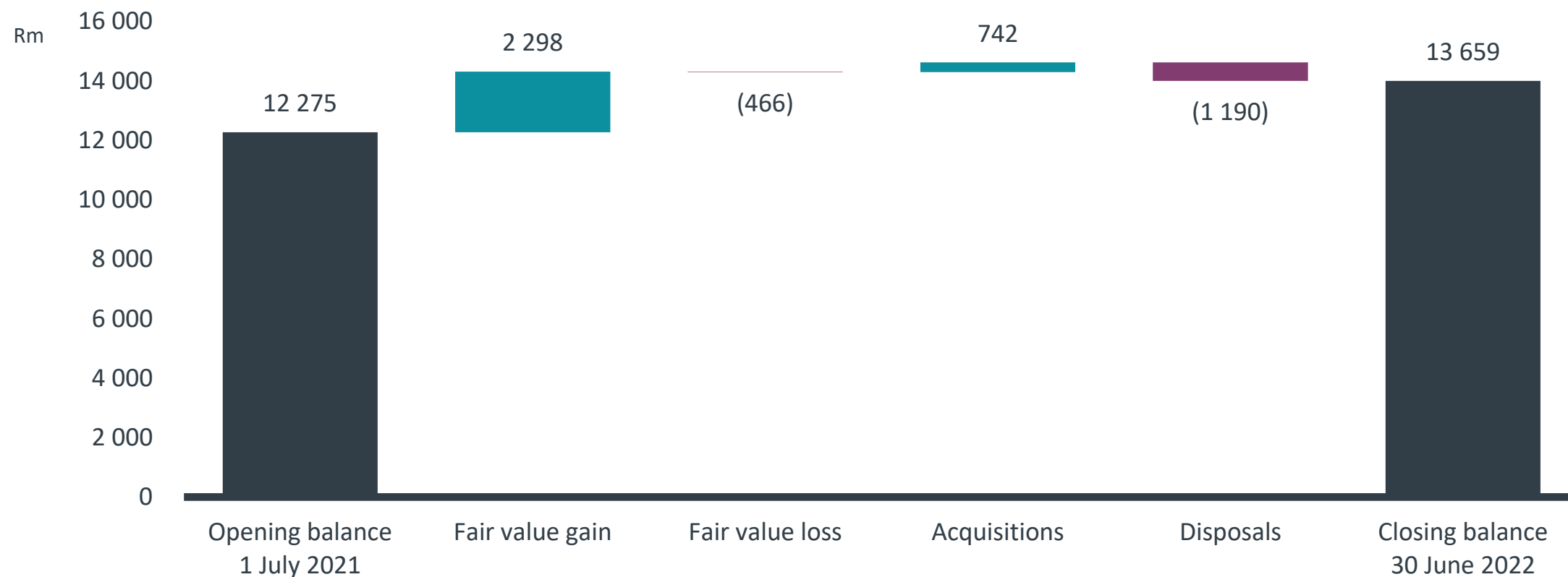
R1 811m

(30 June 2021: R908m)

PORTFOLIO MOVEMENTS



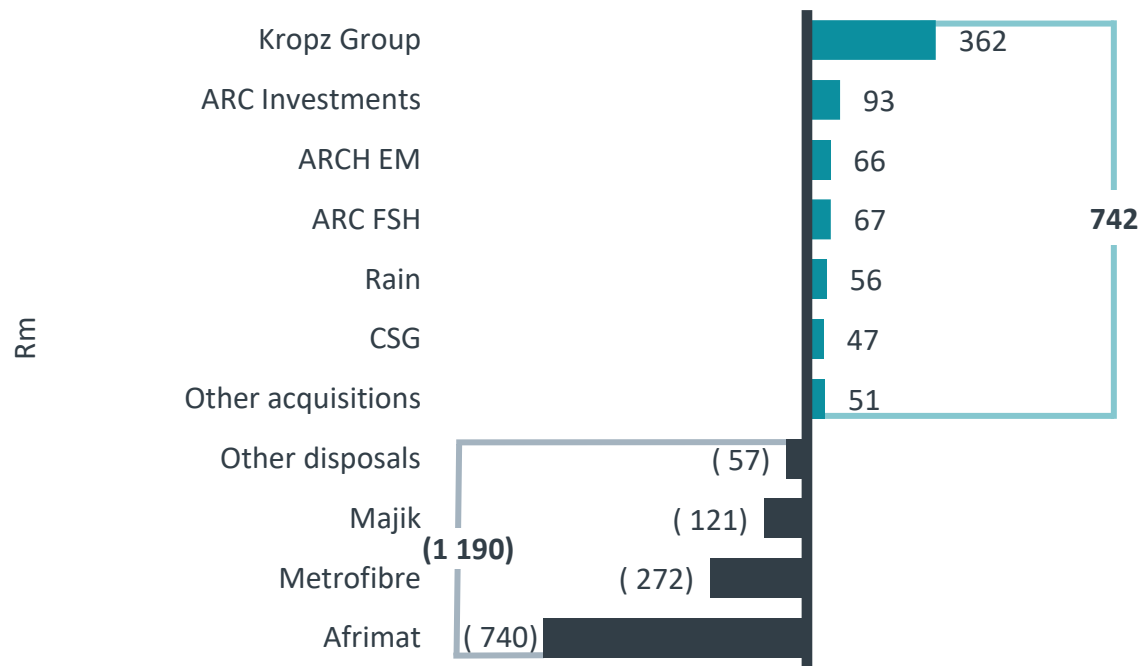
Intrinsic portfolio value movement from 1 July 2021 to 30 June 2022



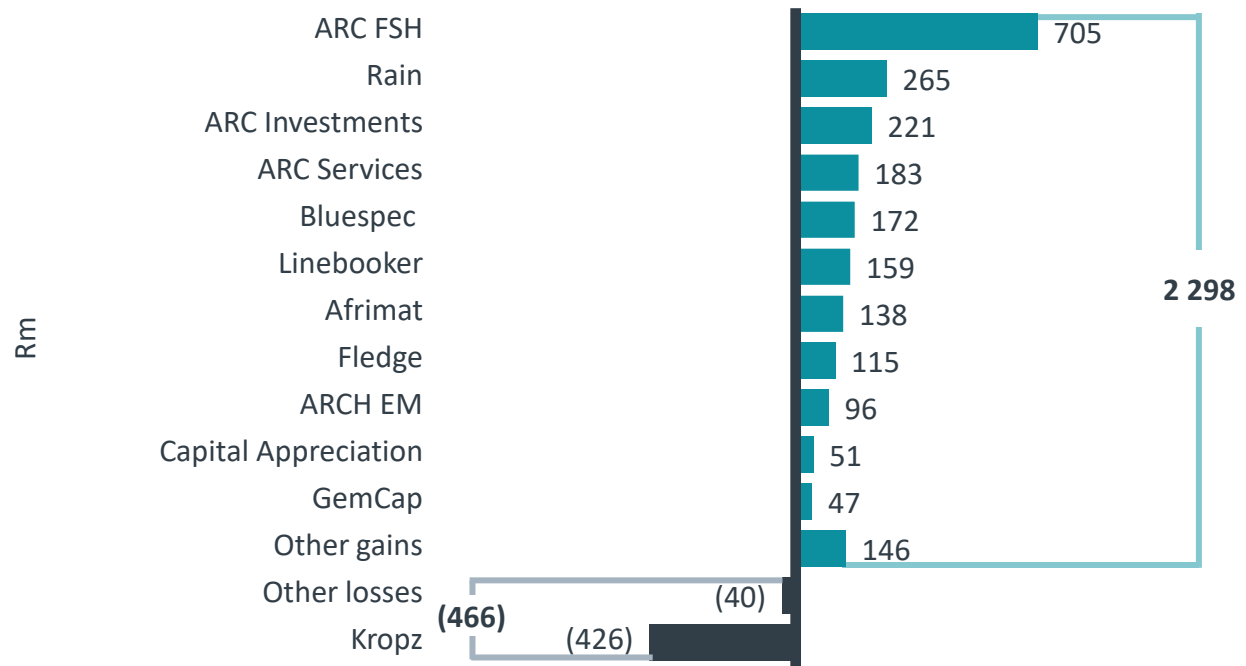
ADDITIONS & FAIR VALUE GAINS



ARC Investments' effective additions and disposals for the year ended 30 June 2022



Fair value, foreign exchange and disposal gains and losses for the year ended 30 June 2022



CASH MOVEMENTS



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 30 June 2022	Growth in Net Asset Value	Net Asset Value Per share
Intrinsic portfolio value	12 275	(448)	1 832	13 659	11.3%	10.36
Cash in the ARC Fund	239	491	(61)	669	>100%	0.51
Debt in ARC Fund	(869)	(43)	(63)	(975)	12.2%	(0.74)
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	-	1 701	13 242	14.7%	10.05

	Net Asset Value 30 June 2020	Net investment	Increase in Net Asset Value	Net Asset Value 30 June 2021	Growth in Net Asset Value	Net Asset Value Per share
Intrinsic portfolio value	10 556	810	909	12 275	16.3%	9.31
Cash in the ARC Fund	35	(406)	610	239	>100%	0.18
Debt in ARC Fund	(440)	(399)	(30)	(869)	97.5%	(0.66)
Other net assets/(liabilities) in the ARC Fund	(203)	-	99	(104)	48.8%	(0.07)
Intrinsic investment in the ARC Fund at FVTPL	9 948	5	1 588	11 541	16.0%	8.76

VALUATION APPROACH – KEY INVESTMENTS



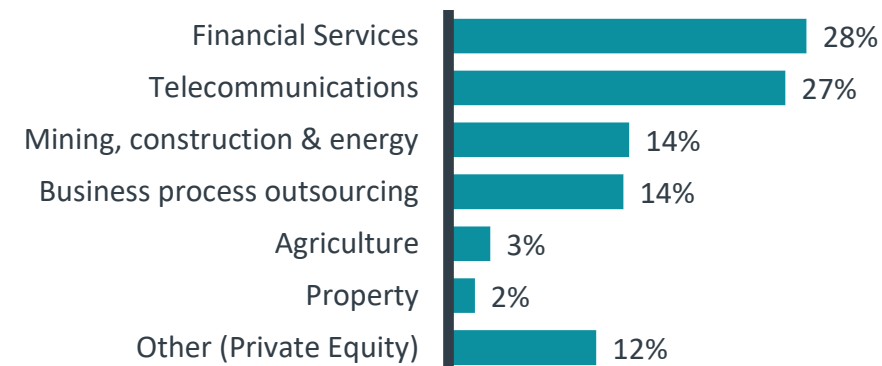
Investment (Rm)	Intrinsic Portfolio Value (IPV)	IPV before discount	Revaluation	Valuation approach	Control premium	Minority discount	Marketability discount	Discount rate/ PE multiple applied June 2021	Discount rate/ PE multiple applied June 2022
Diversified investments									
Rain	3 635	4 745	265	DCF	n/a	12.5%	12.5%	15.26%	17.29%
Kropz Group	1 028	1 253	(426)	Sum of the parts – DCF	n/a	n/a	12% - 30%	20.4%	23.0%
Afrimat	629	629	138	30-day VWAP	n/a	n/a	n/a	n/a	n/a
ARCI Limited	700	700	221	30-day VWAP	n/a	n/a	n/a	n/a	n/a
Fledge Capital Investments	486	486	115	Sum of the parts – EBITDA	n/a	n/a	n/a	6.5x	5.0x
Bluespec	476	579	172	PE Multiple	n/a	14.1%	15.1%	8x	8x
ARCH EM Partners Ltd	408	408	96	Net Asset Value	n/a	n/a	n/a	n/a	n/a
GemCap	318	318	47	EBITDA multiple	n/a	n/a	n/a	7.4x	10.0x
Balance of portfolio	2 115	2 115	499	Various					Various
Total diversified investments	9 795	10 923	1 127						
Financial Services Investments									
TymeBank	1 417	1 417	118	Recent transaction	n/a	n/a	n/a	n/a	n/a
Alexforbes	963	923	75	30-day VWAP	20%	10.0%	n/a	n/a	n/a
Tyme Global	500	500	385	Recent transaction	n/a	n/a	n/a	n/a	n/a
Sanlam 3rd PAM	309	357	3	PE Multiple	n/a	n/a	n/a	n/a	9.2x
Rand Mutual Holdings	259	341	14	EV and PE Multiple	n/a	10.7%	13.6%	7.5x	7.0x
Capital Legacy	288	370	40	EV	n/a	10.0%	10.0%	n/a	n/a
Balance of portfolio	770	770	15	Various					Various
Total financial services investments	4 506	4 678	620						

ARC FUND PORTFOLIO

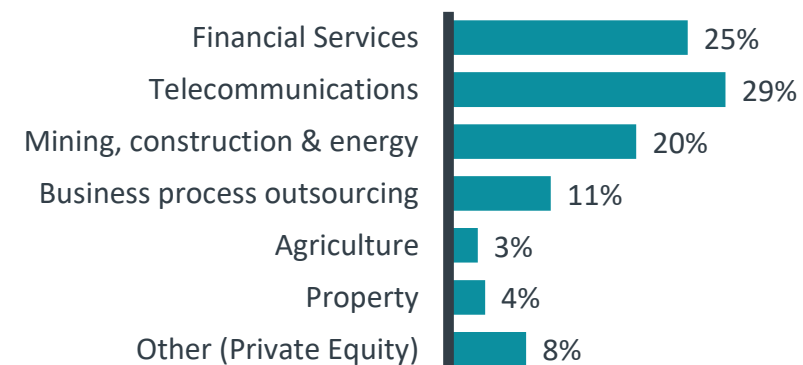


	Fund value (Rm)		
	31 June 2022	30 June 2021	% change
Diversified investments			
Telecommunications	3 635	3 582	1.5
Mining, construction & energy	1 948	2 428	(19.7)
Business process outsourcing	1 886	1 322	42.7
Agriculture	450	376	19.7
Property	282	472	(40.3)
Private Equity	1 594	1 003	58.9
Total ARCI's share of Fund's Diversified Investments	9 795	9 183	6.7
Financial services			
ARC Financial Services Holdings	3 864	3 092	25.0
Total ARCI's share of Financial Services' Invested Portfolio Value net of liabilities	3 864	3 092	25.0
Total ARCI's share of Fund's Invested Portfolio Value	13 659	12 275	11.3

Composition at 30 June 2022



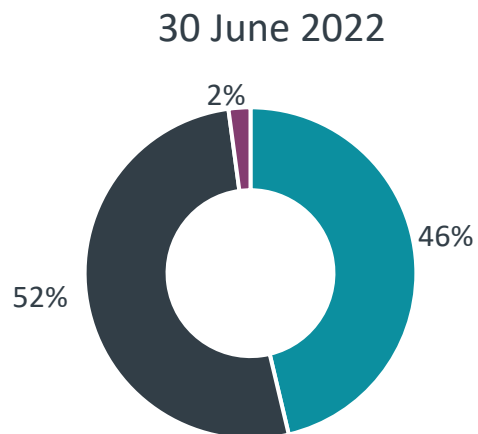
Composition at at 30 June 2021



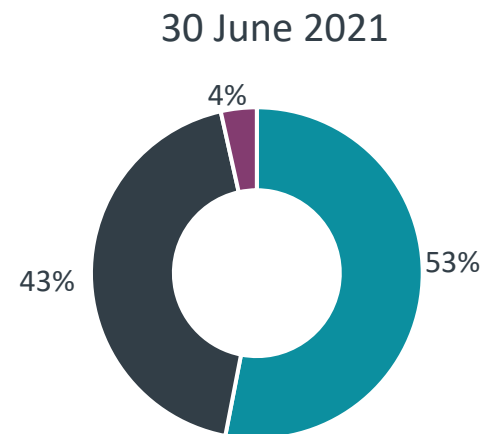
FINANCIAL SERVICES PORTFOLIO



	Fund value (Rm)		
	30 June 2022	30 June 2021	% change
Financial services			
■ Insurance and asset management	2 086	1 775	17.5
■ Banking & digital	2 324	1 454	59.8
■ Specialist financial services	96	117	(17.9)
Total ARCI's share of Financial Services' Invested Portfolio Value	4 506	3 346	34.6
Net liabilities	(642)	(254)	178.7
Total ARCI's share of Financial Services' Invested Portfolio Value net of liabilities	3 864	3 092	24.9



Revaluation of TymeBank and Tyme Global key driver of change in relative weighting



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PORTFOLIO
OVERVIEW





Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Rain	20.3	26.6	3 635	3 314
Metrofibre	0.0	0.0	0	268

Rain

- Value of the ARC Fund's interest in Rain has increased by 9.7% to R3.6 billion
- Reasons for increase in valuation include:
 - Rain continues to do well on the sale of both 4G and 5G products as company continues to enjoy good demand for its products
 - The company acquired new spectrum, following spectrum auction, and the utilisation of additional spectrum is expected to positively impact its cash flow
 - ARC Fund invested an additional R56 million in Rain
- Rain achieved its budget of R1 billion EBITDA in its financial year ending February 2022
- On a comparable IFRS16 basis, this equates to an EBITDA of >R3 billion
- Rain also achieved break-even in its financial year ending February 2022
- Future involves mobile, in addition to present focus on fixed (home)
- Overall, the business continues to perform well

Metrofibre

- The ARC Fund has disposed of its investment in Metrofibre for a consideration for R272 million in the period under review

MINING, ENERGY & CONSTRUCTION



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Kropz Group	83.2	7.5	1 028	886
Afrimat	7.3	4.6	629	1 231
ARC Services	100.0	2.1	291	105

Kropz Group

- Strong phosphate concentrate market
- Unexpected ore variability requires alternative mining methods
- Investment value impaired – potential to deliver significant value once resolved
- Updated Cominco feasibility study supports substantially higher valuation

Afrimat

- Company is listed – all financial information is publicly available
- Afrimat continues to report impressive performance – largely as a result of excellent management and significant improvements in certain commodity prices
- During the year, the ARC Fund reduced its shareholding in the business from 16% to 7%

ARC Services

- Mooiplaats ceased its underground mining operations and sold equipment and coal stockpiles
- Investment in ARC Services increased from R105 million to R291 million, a majority of which is cash reserves
- Other investments in the supply of bulk commodities in mining, construction, infrastructure and engineering are incubated for future growth

BUSINESS PROCESS OUTSOURCING



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Bluespec	24.8	3.5	476	304
GemCap	100.0	2.3	318	651
Other*	Various	8.0	1 092	367

Bluespec

- Portfolio businesses include: Weelee (vehicle sales); Auction Nation; First Assist, Firstmed & First Help (accident management; roadside assistance); Renew-it & Proline (autobody repair)
- Increased business volumes and operational efficiencies, thanks to management interventions
- Improving cash reserves; allowing payment of dividends and funding future growth

GemCap

- GemCap portfolio of businesses: Payprop SA, Upstream Group, Linebooker, Moonstone, Infoslips
- GemCap was unbundled, and majority of assets sold to the ARC Fund
- Exiting Humanstate and Payprop SA – valuation-based on transaction price
- Linebooker gained market share

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



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Acorn Agri & Food	10.2	1.2	166	153
Subtropico	25.1	1.2	161	135
RSA	36.2	0.9	123	88

Agriculture & Food

- Agriculture & Food makes up 3.3% of value of ARC Fund
- Strategic focus is on distribution & marketing in the food value chain, and not on farming
- Exposure to this sector is currently small relative to other portfolio assets, value unlock opportunities over medium to longer term
- **Acorn Agri & Food** concluded several transactions (Kyron Group, Bachmus Oil & Fuel Supplies, Matrix Software) to prepare for future growth
- **Subtropico** uptick in value driven by recovery in fresh produce markets and livestock & game auctions stabilising
- **RSA** introduced a series of cost-cutting and operational efficiencies post Covid-19 to improve earnings quality and export volumes



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Other*	Various	2.1	282	472

Property

- Effective value of property investments decreased to R282 million, following part disposals of Majik and Barlowpark
- Property investments are limited to empowerment plays
- Property building block was established to take advantage of expected future deal flow
- Few transactions were concluded; going forward property as an investment focus will be reviewed

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



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
ARC Investments	8.2	5.1	700	386
Fledge Capital	25.9	3.6	486	371
ARCH Emerging Market Partners Ltd	50.0	3.0	408	246

ARC Investments

- ARC Fund's investment increased to R700m
- Increase in valuation is based on fair value gain of R221m and additional investment of R93m
- Management still believe this investment is one of the best investments it can make in current market

Fledge Capital

- Investing in and provides funding solutions to private companies across a range of industries
- Growth in value largely driven by disposal of interest in WeBuyCars; 78% IRR realised
- Fledge Capital also disposed of its investment in ITNA & Munsoft; 88% IRR realised
- Investment made in Ultimate Sports Nutrition Global (USN) and Protea Capital Management

ARCH Emerging Market Partners

- ARCH EM is a London based emerging markets private equity advisory firm focused on private equity investments across Africa with three active funds:
- **Cold Chain Storage Solutions East Africa**
 - Fund target size USD100m; raised USD81m
- **Africa Renewable Power Fund**
 - Achieved final close of USD133m; 80% of capital to be deployed by Q4 2022
- **ARCH Sustainable Resources Fund**
 - Fund target size USD400m to USD700m; anchor investors provided USD25m
- Valuation uptick driven by combination of exchange rate movements and revaluation of underlying assets

INSURANCE & ASSET MANAGEMENT



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Alexforbes	15.5	7.1	963	767
Sanlam 3 rd Party Asset Management	9.4	2.3	309	306
Capital Legacy	11.0	2.1	288	141
Rand Mutual Holdings (RMH)	11.2	1.9	259	245
Other	Various	1.9	267	316

Alexforbes

Reasons for increase in valuation include

- Investment of R121 million made
- Fair value gain of R75 million, due to increased share price
- ARC FSI acquired an additional R322.4 million worth of Alexforbes shares; at an average share price of R4.59 per share

Sanlam 3rd PAM

- Strong empowerment credentials position business well to attract institutional flows
- Good results to 30 June 2022
- ARC FSI supports business to pursue scale and growth opportunities in pension fund administration and asset management

Capital Legacy

- One of SA's largest estate administrators – specialist insurance product is the key differentiator
- The business continues to achieve stretch growth targets: both in terms of number of policies and profitability
- Value of new business up 83%
- Good long-term strategic fit within portfolio

RMH

- Administers workers' compensation for mining industry employees injured in the course and scope of their work
- Also focusing on providing insurance to workers to enhance compensation benefits
- Business delivering satisfactory performance



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
TymeBank	25.0	10.4	1 417	1 173
Tyme Global	25.0	3.7	500	90
Crossfin	18.6	1.6	213	n/a
Other*	Various	1.3	194	191

TymeBank

- USD\$150 million closed capital raise – new shareholders Tencent and the CDC, with several of existing shareholders following rights
- 5 million customers, 36 months after launch
- Several hundred TFG kiosks launched in August 2022
- Acquisition of an SME lender Retail Capital, set to drive new SME focus

Tyme Global

- Tyme Global, Singapore headquarters, launch multi-country digital banking proposition
- Fair value increase of 457%, due to capital raise; Chinese investor Tencent and British investor CDC; USD37.5 million investment includes ARC FSH's additional capital invested
- On track to launch GoTyme in Q4 2022 in the Philippines
- Also applied for banking licence in Pakistan

Crossfin

- Leading collection of independent fintech platforms
- Focus on growing trend in digital payments over cash
- Solid pipeline of opportunities, including synergies with ARC Fund
- Shareholding in Crossfin still valued at acquisition price despite high growth achieved since acquisition
- In process of selling stake in Retail Capital to TymeBank

* Ooba | Ethos AI Fund | ARC Impex

SPECIALIST FINANCIAL SERVICES



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R'm)	
			30 June 2022	30 June 2021
Total	Various	0.7	96	117

General comments on specialist businesses

- ARCI's effective interest in the IPV of the Specialist Financial Services decreased to R96m
- Businesses generally held up well
- A2X continues to be a key performer; adding more companies who secondary list on its platform

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

05

MAJOR POST REPORTING
PERIOD EVENTS



MAJOR POST REPORTING PERIOD EVENTS



Kropz Group

- ▶ Additional R180.3 million convertible loan to Kropz Plc, mainly to fund operations at Elandsfontein

TymeBank

- ▶ In process of acquiring Retail Capital, a leading fintech funder of SMEs
- ▶ The transaction is still subject to regulatory approvals
- ▶ Retail Capital's SME lending expertise to be combined with TymeBank's deposit base and operations to serve a broader business banking customer base

Adjustment of management and performance fees

- ▶ Management fee under review, with substantial reductions proposed:
 - moving from fixed management fee to actual management costs; and
 - performance fees adjusted by dropping catch-up clause and simplifying calculation
- ▶ Proposals to be decided on by shareholders at AGM



Our strategic focus is maintained, with greater focus on portfolio make-up

- ▶ We are dialing down on major acquisitions; dialing up on pruning the portfolio after sustained acquisitions;
- ▶ Focus on growing existing businesses – smaller bolt-on acquisitions to complement existing key portfolio assets the priority
- ▶ Year in review saw some exits; momentum likely to be maintained
 - Unsolicited offers being considered
 - Strategic opportunity to do exits to partner companies
 - Follow a disciplined exit framework: non-strategic fit; lower returns expected; freeing up some cash
- ▶ Increased focus on ARCH Emerging Markets Partners Ltd
- ▶ Renewed focus on closing the discount on NAV the share portfolio is trading at on the JSE and A2X, specifically following the lower management fees

06

OUTLOOK





Internal view

- Cash management of key early-stage investee companies remain a high priority to monitor for possible cash calls
- Continue to exploit synergy opportunities between investee companies
- Financial Services growth opportunities expected to be largely organic, with few bolt-on acquisitions
- Upside in fintech investments
- Closing the discount to NAV the ARCI shares are trading at on the JSE and A2X

External view

- SA trading environment likely to remain challenging over medium term due to persistent economic and political matters
- Maintaining a realistic view of key drivers impacting trading environment
- Low expectation of significant improvement in economic growth over medium term

QUESTIONS



ARC
INVESTMENTS