



INTERIM FINANCIAL RESULTS

for the six months ending
31 December 2022

16 March 2023

PRESENTERS



Johan van der Merwe
ARC co-CEO



Refiloe Nkadimeng
ARC & UBI CFO



Johan van Zyl
ARC co-CEO, UBI CEO



PRESENTATION OUTLINE

HIGHLIGHTS

01 STRUCTURE

02 OPERATING ENVIRONMENT

03 STRATEGIC PROGRESS

04 FINANCIAL REVIEW

05 PORTFOLIO REVIEW

06 MAJOR POST REPORTING PERIOD EVENTS

07 OUTLOOK

IN BRIEF: HIGHLIGHTS (1)

FINANCIAL

- ▶ Intrinsic net asset value (INAV) remains stable at R13 272 million (30 June 2022: R13 242 million)
- ▶ Intrinsic net asset value (INAV) per share decreased marginally by 1.7% to R9.88 per share, due to an increase in the number of issued shares
- ▶ Cash in the ARC Fund increased by 57% to R1 051 million
- ▶ Debt in the ARC Fund increased by 43% to R1 396 million

OPERATIONAL

- ▶ Significant advances at several of the large early-stage portfolio companies
 - **rain** – on course to reach more than R2 billion of EBITDA for the financial year ended February 2023
 - **TymeBank** – substantial organic growth, acquisition of Retail Capital, SME banking launch
 - **Tyme Global** – successful launch of GOtyme in the Philippines
 - **Kropz Plc** – Elandsfontein nearing the completion of the commissioning phase
Achieved its first bulk sales in January 2023 of c. 30 000 tonnes of phosphate

IN BRIEF: HIGHLIGHTS (2)

The interim period was characterised by a high level of corporate activity to rationalise and reposition the portfolio

OTHER HIGHLIGHTS

- ▶ Major disposals finalised
 - Disposal of remaining Afrimat shares for R486 million (IRR of 27.7% per annum realised on this asset)
 - Disposal of PayProp and Humanstate resulting in ARC Fund receiving cash amounting to R486 million (IRR of 19.7% per annum realised on these assets, excluding potential agterskot)
- ▶ Major additional investments
 - R490 million investment by ARC Fund in TymeBank and Tyme Global - largely to fund the Retail Capital acquisition
 - R472 million of additional capital advanced to Kropz Plc
- ▶ New fee structure implemented for the ARC Fund

01

STRUCTURE



OUR VALUE PROPOSITION



A credible player in empowerment transactions, focusing on select economic sectors

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

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

We aim to provide investors with an above market return over the long term from a diversified portfolio of assets, the majority of which cannot be accessed through other investment vehicles



HOW WE DO IT – TWO MAJOR SECTORS

Financial Services Investments

- Focus on insurance, asset management, banking & fintech, and specialist financial services
- Invest in leading providers of financial products and services, with an emphasis on scale, large client pools and financial inclusion
- Develop revenue synergies between distribution businesses and related product providers within the portfolio

Diversified Investments

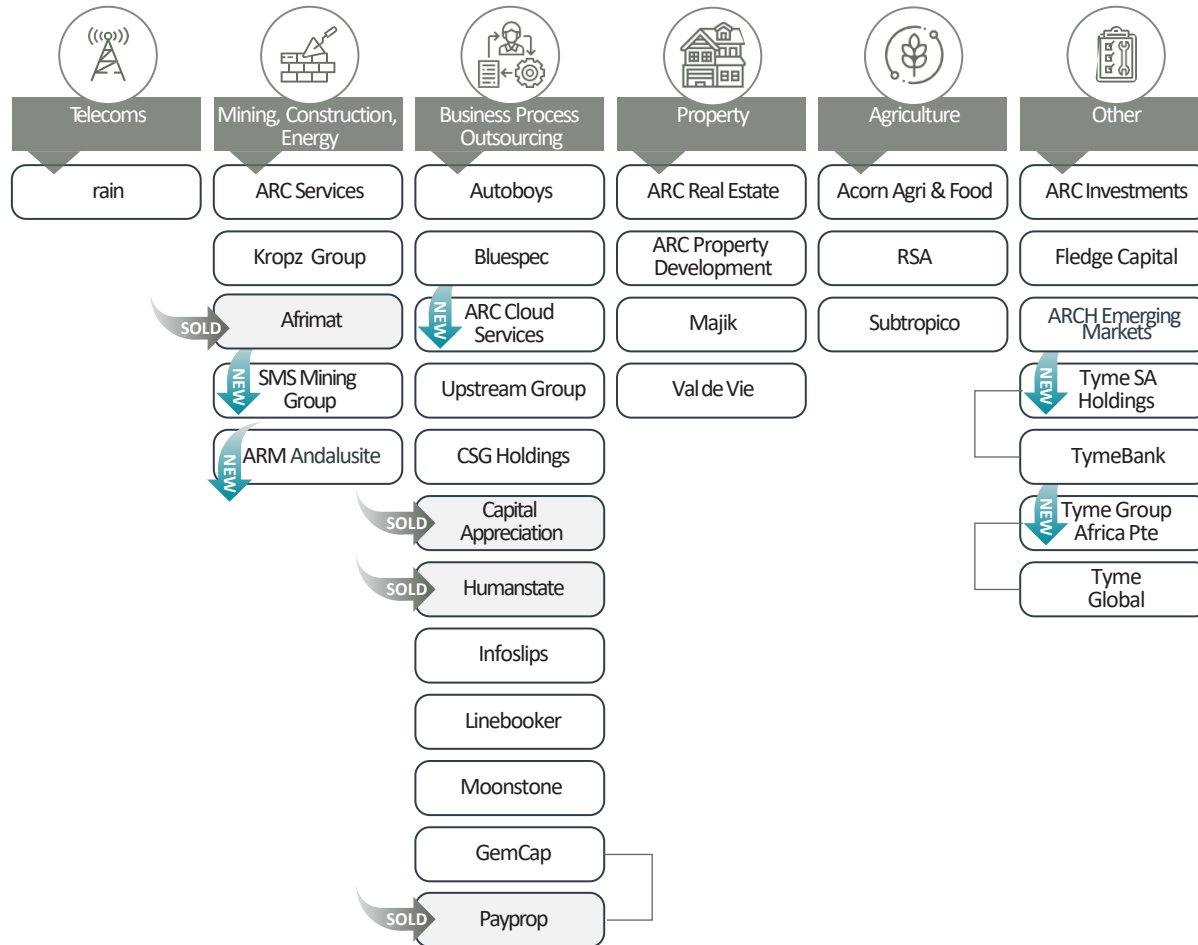
- A separate and distinct focus on diversified (non-financial services) investments within select sectors that are well-positioned for growth
- Focus on telecoms, agriculture, BPO, mining & energy, property, other
- Acquire meaningful minority interests in specific non-financial services sectors
- Investments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

PORTFOLIO OVERVIEW



Diversified Investments

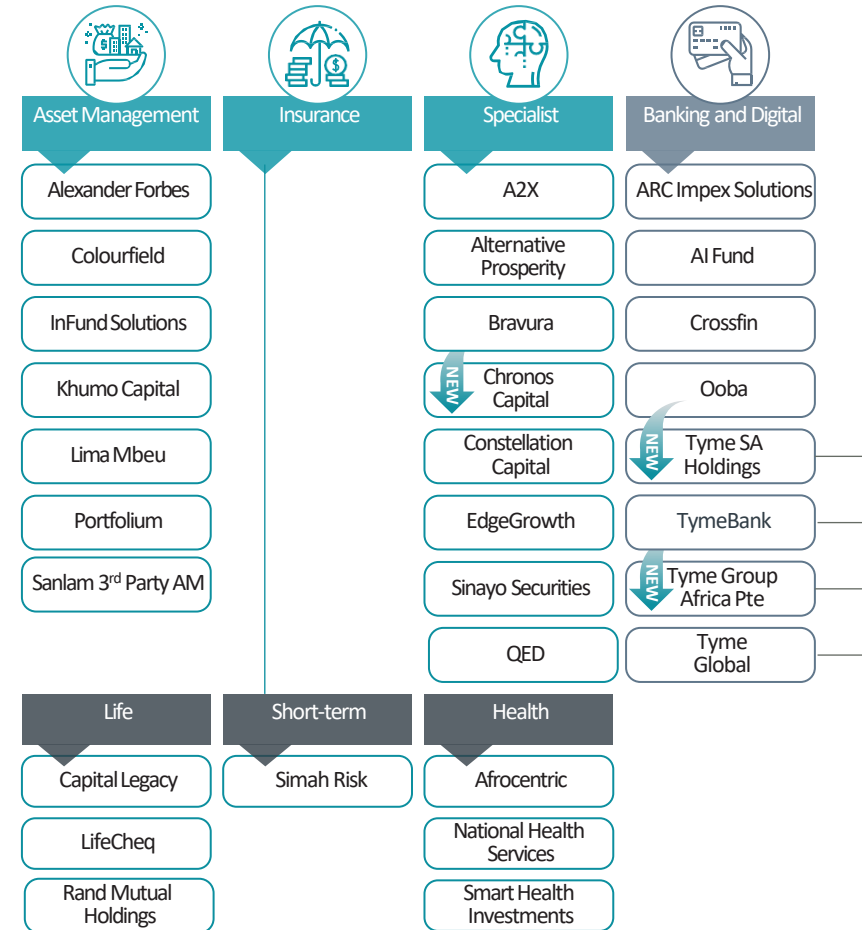
ARC Fund



Financial Services

ARC Financial Services Investments

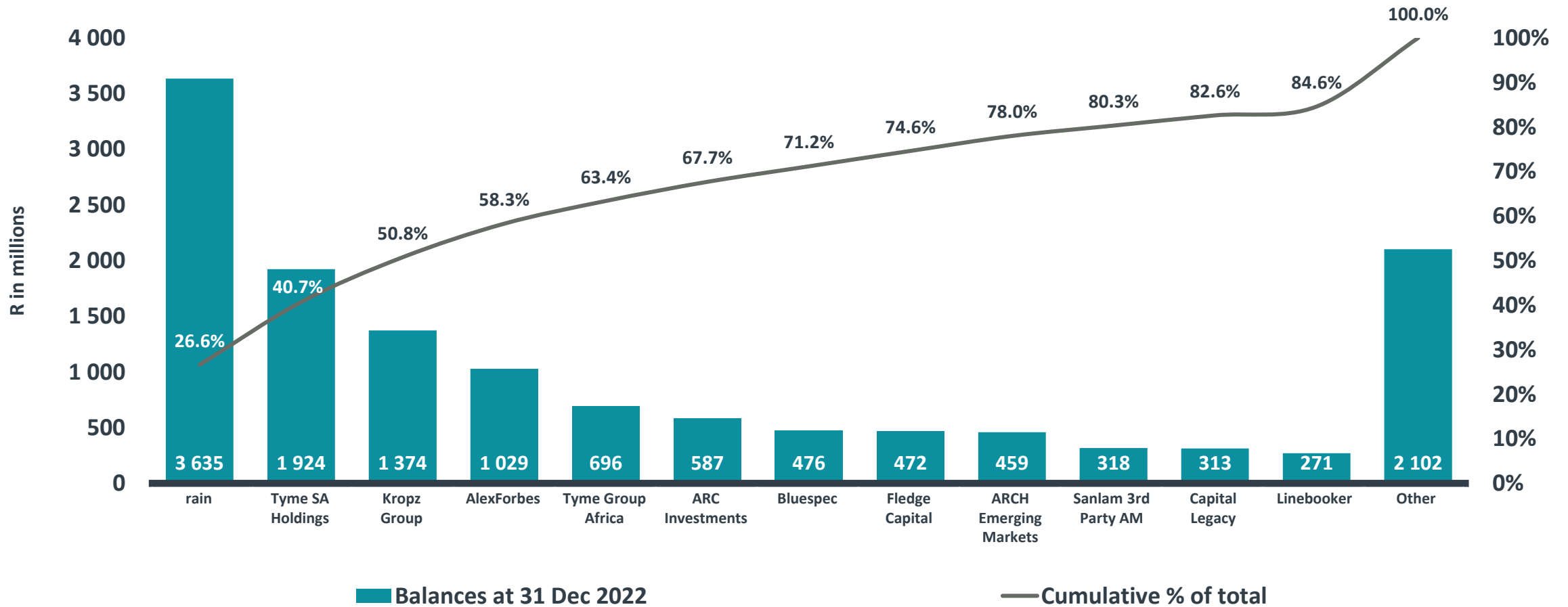
ARC Financial Services Holdings



TOP INVESTMENTS IN THE ARC FUND



Investments >2% of total portfolio



02

OPERATING
ENVIRONMENT



OPERATING ENVIRONMENT



Load
shedding

High
inflation rate

Volatility of
the equity market

Increasing
interest rates

Volatility of
the exchange rate

High
unemployment rate

03

STRATEGIC
PROGRESS



MILESTONES ACHIEVED – FINANCIAL SERVICES INVESTMENTS



Strategy implementation to date

- Increase Financial Services component
 - Portfolio weighting increased from 25% to 31% over 18 months
- Increase synergies in existing portfolio
 - Sanlam 3rd Party AM / ABSA AM transaction
 - Sanlam / Alexforbes transactions
 - Sanlam / Capital Legacy transaction
 - Crossfin / TymeBank transaction for Retail Capital
 - Sanlam / Lifecheq adviser platform
 - Capital Legacy / Ooba
- Fintech expansion – Crossfin and Optasia investments
- Grow banking – R490 million investment
- Increase portfolio focus – Exited RMH after the period-end

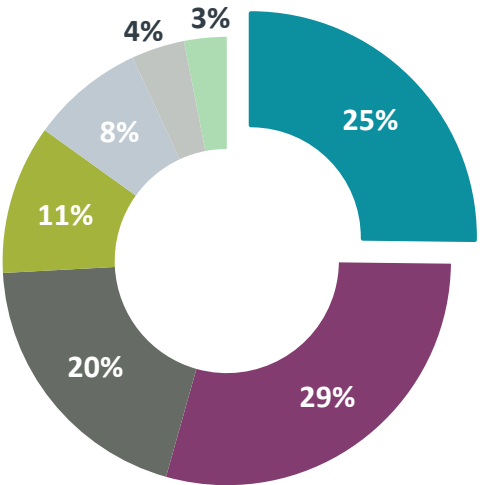
Strategy implementation continues

- Focus on growing existing businesses, both organically and through bolt-on opportunities
- Limited sizeable acquisitions expected
- Some rationalisation of the portfolio to continue
 - driven by unsolicited offers
 - divesting from investments that are smaller, or are a non-strategic fit, or where prospective IRR is insufficient
- Continue to extract synergy opportunities
- Pursue growth opportunities, in particular later-stage fintech and tech plays, across the portfolio

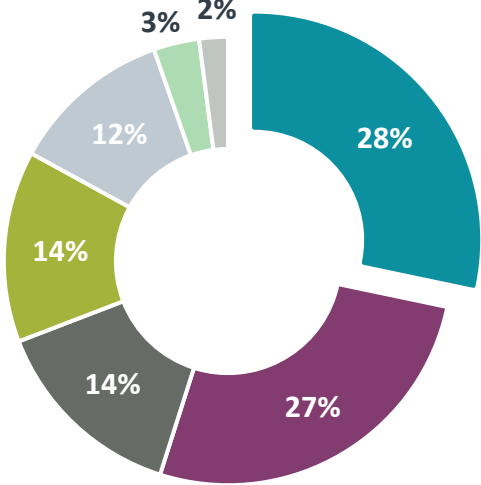
FINANCIAL SERVICES WEIGHTING INCREASING



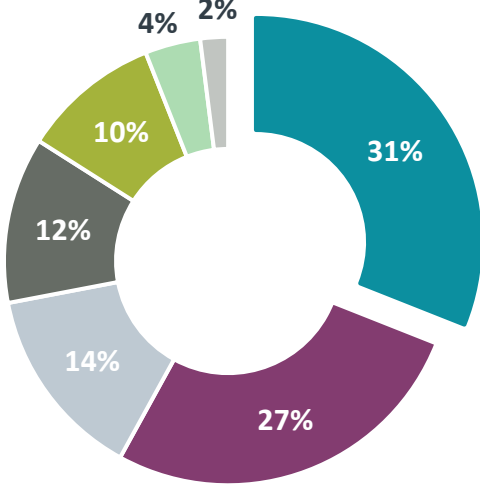
Composition at 30 June 2021



Composition at 30 June 2022



Composition at 31 December 2022



■ Financial Services
 ■ Telecommunications
 ■ Mining
 ■ BPO
 ■ Other
 ■ Property
 ■ Agriculture

MILESTONES ACHIEVED – DIVERSIFIED INVESTMENTS



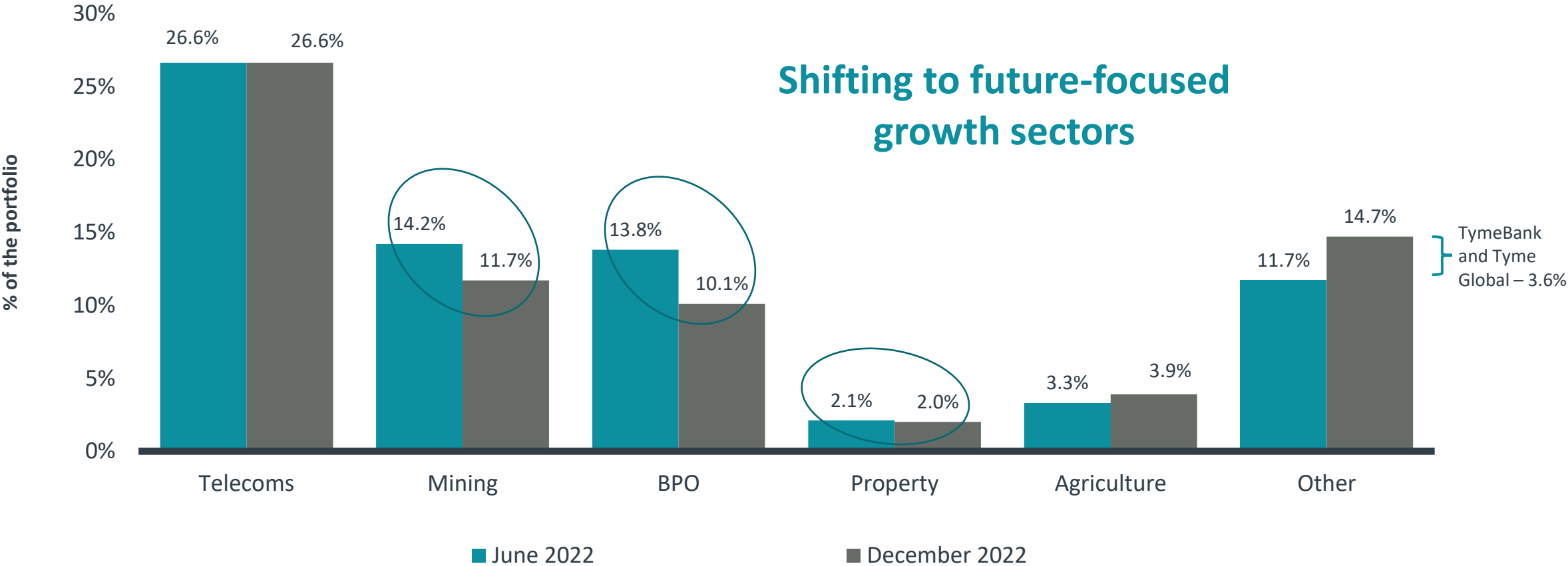
Strategy implementation to date

- Increasing weighting in ARCH EM underlying funds, TymeBank, TymeGlobal and Kropz
- Disposal of noncore assets – Humanstate, PayProp, Capital Appreciation, Mooiplaats Coal mine
- Afrimat – significant value realised
- Managing challenges at Kropz – substantial progress has been made with first bulk sale of phosphate banked

Strategy going forward

- Reduce focus on mining; future focus on beneficiation and services
- Strengthen focus on agri & food value chain
- Allow property holding to unwind over time
- Tech businesses offer significant upside
- Pipeline of opportunities with Fledge Capital
- Establishment of ARC Cloud Services company

DIVERSIFIED PORTFOLIO – REFOCUSING THE PORTFOLIO



RECENT DISPOSALS AFFIRM VALUE CREATION



Realising an IRR
above our
expected return
in most of the
assets sold

Investment disposed of	Internal rate of return (incl. dividends)
Afrimat	27.7%
Humanstate and PayProp (excl. agterskot)	19.7%
Rand Mutual Holdings (post-period-end)	16.8%
Capital Appreciation	12.0%
Mooiplaats	Premium to adjusted carrying value

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FINANCIAL
REVIEW





KEY FINANCIAL METRICS

Intrinsic Net Asset Value

Stable

R13 272 million (30 June 2022: R13 242 million)

Intrinsic Net Asset Value (INAV)

per share decreased by 1.7% to

R9.88 (31 December 2021: increase of 16.8%)

IFRS Net Asset Value (NAV)

per share decreased by 1.1% to

R9.97 (30 June 2022: R10.08)

Cash in the ARC Fund

increased by 57% to

R1 051 million (30 June 2022: R669 million)

Debt in the ARC Fund

increased by 43% to

R1 396 million (30 June 2022: R974 million)

CASH MOVEMENTS



ARC Investments' portion of ARC Fund's NAV movements

Investment in ARC Fund (R million)	Net Asset Value 30 June 2022	Net investment	Increase / (Decrease) in Net Asset Value	Net Asset Value 31 December 2022	% Change
Intrinsic portfolio value	13 659	(36)	33	13 656	(0.02)
Cash in the ARC Fund	669	399	(17)	1 051	57.10
Debt in ARC Fund	(975)	(363)	(58)	(1 396)	43.18
Other net assets/(liabilities) in the ARC Fund	(111)	-	72	(39)	(64.86)
UBI GP fee payable	(110)	-	73	(37)	(66.36)
Other liabilities in the ARC Fund	(1)	-	(1)	(2)	100.00
Intrinsic investment in the ARC Fund at FVTPL*	13 242	-	30	13 272	0.23

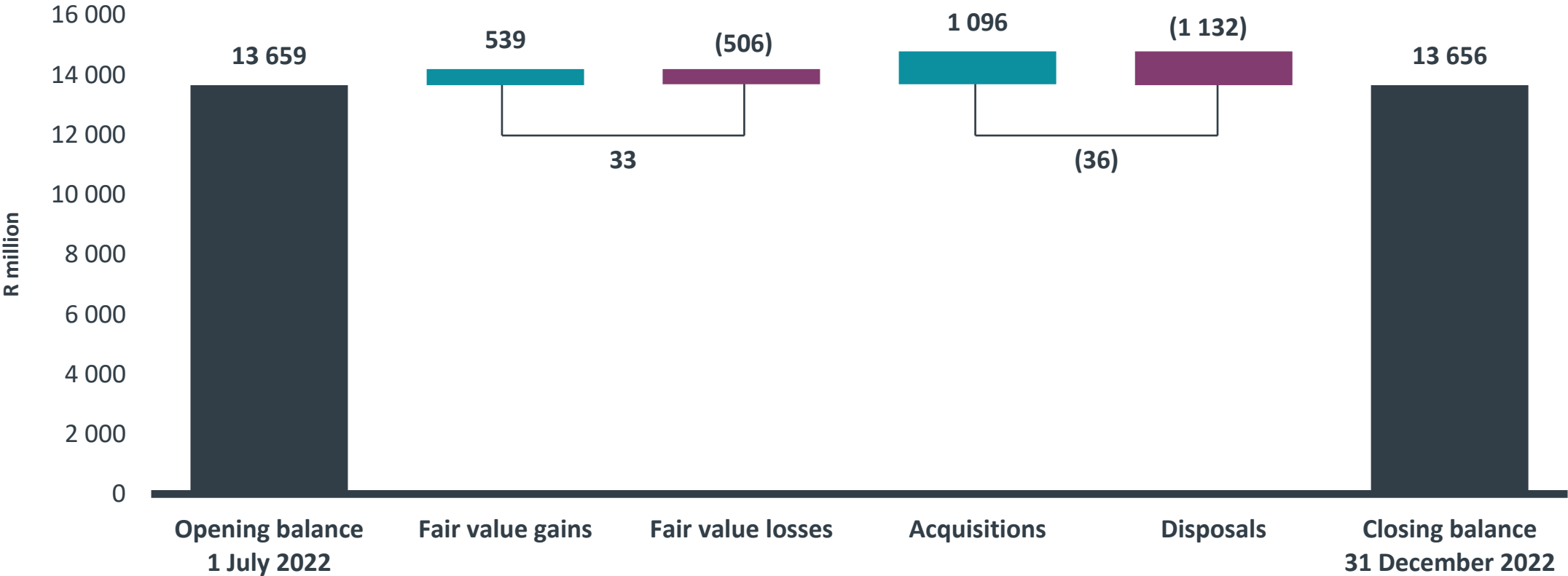
	Net Asset Value 30 June 2021	Net investment	Increase / (Decrease) in Net Asset Value	Net Asset Value 31 December 2021	% Change
Intrinsic portfolio value	12 275	(296)	2 022	14 001	14.1
Cash in the ARC Fund	239	399	(40)	538	125.1
Debt in ARC Fund	(869)	(43)	(32)	(944)	8.6
Other net liabilities in the ARC Fund	(104)	-	(7)	(111)	6.7
UBI GP fee payable	(100)	-	(15)	(115)	15.0
Other net assets/(liabilities) in the ARC Fund	(4)	-	8	4	(200)
Intrinsic investment in the ARC Fund at FVTPL*	11 541	-	1 943	13 484	16.8

*FVTPL: Fair value through profit or loss

PORTFOLIO MOVEMENTS



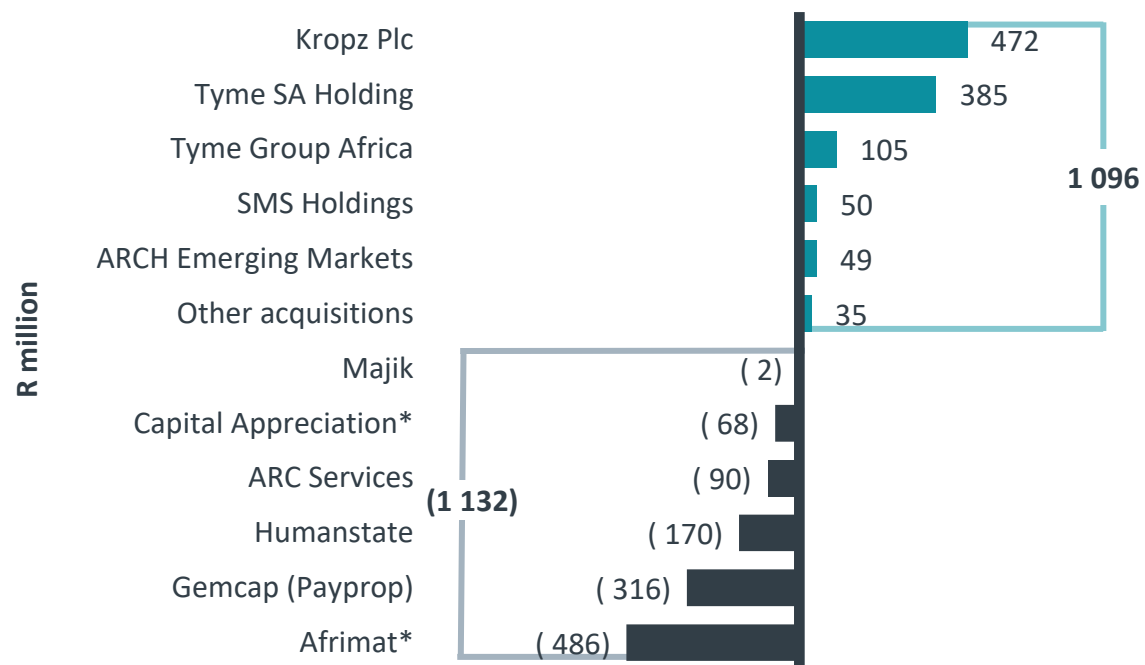
Intrinsic portfolio value movement from 30 June 2022 to 31 December 2022



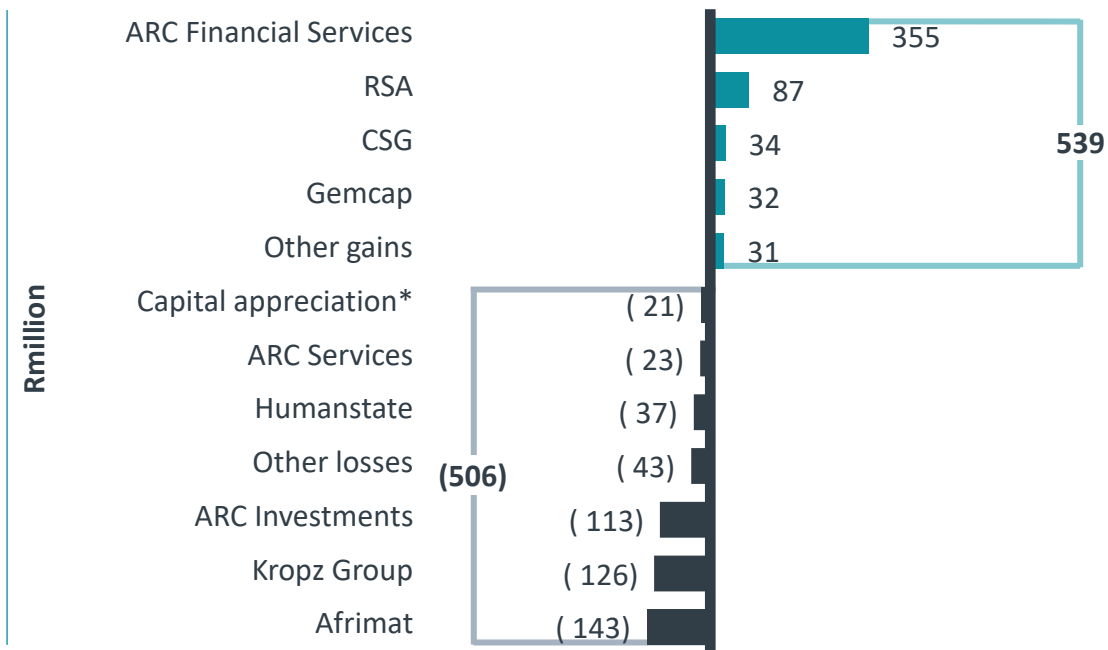
ADDITIONS, DISPOSALS & FAIR VALUE GAINS



ARC Investments' effective additions and disposals for the six months ended 31 December 2022



Fair value, foreign exchange and disposal gains and losses for the six months ended 31 December 2022



* Denotes a listed entity classified as level 1 fair value hierarchy

VALUATION APPROACH – KEY INVESTMENTS



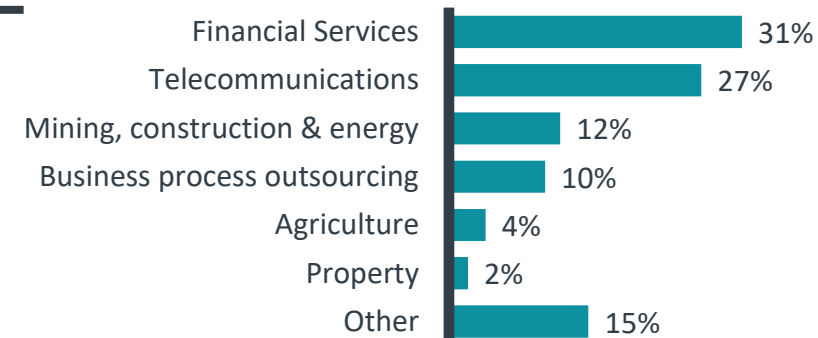
Investment (R million)	Intrinsic Portfolio Value (IPV)	IPV before discount	Revaluation	Valuation approach	Control premium	Minority discount	Marketability discount	Discount rate/ PE multiple applied Dec 2021	Discount rate/ PE multiple applied Dec 2022
rain	3 635	4 745	-	DCF	n/a	12.5%	12.5%	17.29%	17.26%
TymeBank	1 924	1 924	105	Recent transaction	n/a	n/a	n/a	n/a	n/a
Kropz Group	1 374	1 423	(126)	Sum of the parts – DCF	n/a	n/a	12% - 30%	23.0%	23.0%
Alexforbes	1 029	1 035	66	30-day VWAP	20%	10.0%	n/a	n/a	n/a
Tyme Global	696	696	91	Recent transaction	n/a	n/a	n/a	n/a	n/a
ARC Investment	587	587	(113)	30-day VWAP	n/a	n/a	n/a	n/a	n/a
Bluespec	476	579	-	PE Multiple	n/a	14.1%	15.1%	8.0x	8.0x
Fledge Capital	472	472	(14)	Sum of the parts – EBITDA	n/a	n/a	n/a	5.0x	5.0x
ARCH Emerging Market	459	459	2	Net Asset Value	n/a	n/a	n/a	n/a	n/a
Sanlam 3rd PAM	318	351	9	PE Multiple	n/a	n/a	n/a	9.2x	8.0x
Linebooker	271	240	27	DCF	n/a	n/a	13%	n/a	25.0%
Balance of portfolio	2 415	2 477	(14)	Various					Various
Total investments	13 656	14 988	33						



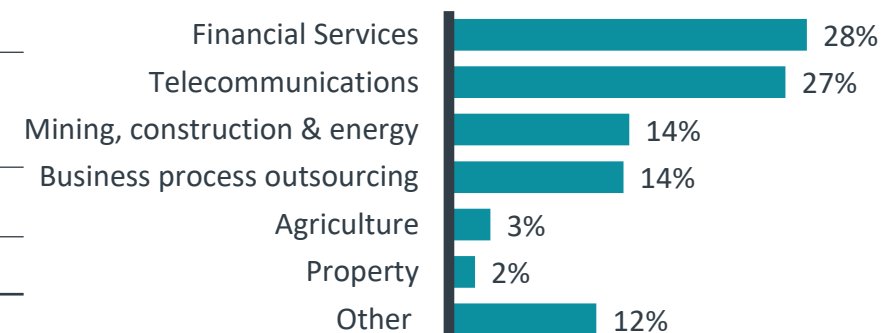
Fund value (R million)

	31 Dec 2022	30 Jun 2022	% change
Diversified investments			
Telecommunications	3 635	3 635	-
Mining, construction & energy	1 602	1 948	(17.8)
Business process outsourcing	1385	1 886	(26.6)
Agriculture	530	450	17.8
Property	275	282	(2.5)
Other	2 010	1 594	26.1
Total ARCI's share of Fund's Diversified Investments	9 437	9 795	(3.7)
Financial services			
Total ARCI's share of Financial Services' Invested Portfolio Value net of liabilities	4 219	3 864	9.2
Total ARCI's share of Fund's Invested Portfolio Value	13 656	13 659	-

Composition at 31 December 2022



Composition at 30 June 2022



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PORTFOLIO
OVERVIEW





Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
rain	20.3	26.6	3 635	3 635

rain

- Value of the ARC Fund's interest in rain has remained unchanged
- Demand for 4G and 5G products has remained robust
- rain is on target for >R2 billion EBITDA for the financial year ending February 2023
- Introduction of a mobile service in the near future, in addition to rain's present focus on fixed (home)
- Industry consolidation likely – rain owns spectrum in the contested areas
- Loadshedding and battery theft led to increased costs



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Kropz Group	83.65	10.1	1 374	1 028
Afrimat	Nil	Nil	-	629
ARC Services	100.0	1.6	178	291
SMS Mining Group	7.5	0.4	50	-

Kropz Group

- Strong phosphate concentrate market
- Elandsfontein plant produced and sold its first phosphate
- Ore variability prompted an updated Mineral Resource Estimate –
 - ↑ Phosphate resources of 106 million tonnes
 - ↓ Measured and Indicated resource tonnage down by 76%
- Continued drilling planned for 2023
- Cominco proof of concept project considered

Afrimat

- Remaining shareholding sold
- An overall IRR of 27.7% was achieved through disposal proceeds and dividends received over time

Other mining

ARC Services

- Mooiplaats Coal and Stahl Cranes and Hoists sold
- R90 million preference dividend received
- Remaining investments performing well

SMS

- Specialised mining services
- A JV SPV comprising the ARC Fund (7.5%), SMS Management (12%) and Fledge (22.5%)

BUSINESS PROCESS OUTSOURCING



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Bluespec	24.8	3.5	476	476
Linebooker	66.8	2.0	271	226
GemCap	100.0	0.2	34	318
Other*	Various	4.4	333	640

Bluespec

- Sales volumes and clients increased
- National footprint expanded
- Healthy revenues, earnings, and cash from operations
- Continued strong dividends

Linebooker and GemCap

Linebooker

- Linebooker onboarded several large customers – Coca-Cola, Sasol and ArcelorMittal
- Targeting break-even over the short term

GemCap

- GemCap's assets were unbundled in prior year, majority of assets sold to ARC Fund
- Humanstate and PayProp SA sold – 19.7% IRR excluding a potential agterskot

* Autoboy's | Moonstone | CSG Holdings | Upstream



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Acorn Agri & Food	10.2	1.2	158	166
Subtropico	25.3	1.2	162	161
RSA	56.6	1.5	210	123

Agriculture & Food

- Agriculture & Food makes up 3.9% of the value of ARC Fund
- Strategic focus is on distribution & marketing in the food value chain, not on farming
- A future focus area with medium to longer term value unlock opportunities

- Acorn Agri & Food** - strong growth in revenue and net profits, largely due to high commodity cycle and market share gains
- Subtropico** - increased revenue, consistent recurring profits, energy outages impact margin
- RSA** - fair value gain of R87 million due to strong performance, increased market share, substantial volume and sales growth



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Various*	Various	2.0	275	282

Property

- Effective value of property investments decreased marginally to R275 million
- R28 million of dividends from Val de Vie
- The Val de Vie investment value will be realised over time, as the company sells its finite number of properties and declares dividends to shareholders

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



Diversified Investments portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
ARC Investments	8.2	4.3	587	700
Fledge Capital	51.0	3.5	473	486
ARCH Emerging Market Partners Ltd	50.0	3.4	458	408
Tyme SA Holdings	5.0	2.8	386	-
Tyme Group Africa	3.1	0.8	106	-

ARC Investments

- Value of the effective investment declined by R113 million due to lower share price in the period
- Management still believe this investment is one of the best investments it can make in current market

Fledge Capital

- A standout investment in the portfolio
- Investing in and providing funding solutions to private companies across a range of industries
- ARC Fund received R24 million in dividends in the period
- Recent acquisitions include Ultimate Sports Nutrition Global (USN), Protea Capital Management and SMS Mining

ARCH Emerging Market Partners

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 size USD81 million; 1st Nairobi facility completed May 2023;
- Land acquisition for Mombasa facility finalised

Africa Renewable Power Fund

- Fund size USD133 million; 80% of capital deployed by last quarter 2022
- Next fund launched in first quarter 2023

ARCH Sustainable Resources Fund

- Fund target size USD400 million; 1st investment made in graphite in Tanzania
- Further R49 million investment in the current period

INSURANCE & ASSET MANAGEMENT



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Alexforbes	15.8	7.5	1 029	963
Sanlam 3 rd Party Asset Management (SIH)	9.4	2.3	318	309
Capital Legacy	9.7	2.3	313	288
Rand Mutual Holdings (RMH)	Nil	1.9	266	259
Other Insurance and Asset Management*	Various	2.0	271	267

Alexforbes

- Good share price performance led to a R66 million net fair value gain
- Regulatory environment is an enabling factor to the success of the business
- Remains supportive of Alexforbes' strategy

SIH

- Strong empowerment credentials position business well to attract institutional flows
- The Sanlam/ABSA transaction finalised on 1 December 2022:
 - Consolidation will substantially boost AUM and increase economies of scale
 - Significantly broadened distribution reach and a larger range of investment solutions

Capital Legacy

- One of SA's largest estate administrators. A specialist insurance product is the key differentiator
- Continued to show exceptional growth in terms of number of policies and profitability
- Sanlam transaction announced post period-end. Will unlock substantial synergies i.r.o. capital, insurance and distribution opportunities

RMH

- Post period-end: ARC FSI disposal for R726 million, generating an IRR of 16.8% including dividends
- Cash received in January 2023

* Colourfield | InFund Solutions | Khumo Capital | Lima Mbeu | QED | LifeCheq | Afrocentric | National Health Services | Smart Health Investments



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
TymeBank	25.0	11.3	1 542	1 417
Tyme Global	25.0	4.3	590	500
Crossfin	18.6	1.7	234	213
Other*	Various	1.5	199	194

TymeBank

- 6.2 million customers, much higher activity levels
- TFG partnership installed 600 kiosks, almost doubling distribution network – 200 000 new customers a month
- Acquisition of Retail Capital, set to drive new SME focus
- USD60 million Series B3 capital raise - ARC Fund contributed USD30 million

Tyme Global

- Singapore-based Tyme Global extended its multi-country digital banking proposition
- GOtyme launched in Philippines - currently growing ahead of expectations
- Successfully closed capital raise
- Tyme Global's investment thesis is coming to fruition

Crossfin

- Leading collection of independent fintech platforms
- Focus on growing trend in digital payments replacing cash
- Solid pipeline of opportunities, including synergies with ARC Fund
- Retail Capital sold to TymeBank for R1.5 billion

* Ooba | Ethos AI Fund

SPECIALIST FINANCIAL SERVICES



Financial Services portfolio

Portfolio company	% holding	% Fund value	Fund value (R million)	
			31 Dec 2022	30 Jun 2022
Total*	Various	1.1	155	96

General comments on specialist businesses

- ARCI's effective interest in the IPV of the Specialist Financial Services increased by R59 million, mainly due to the Optasia acquisition
- ARC FSI invested R173 million in Optasia (rebranded from Channel VAS in early 2022), through Chronos Capital
 - Optasia is a leading provider of airtime credit services to prepaid mobile subscribers in more than 30 countries with more than 88 million monthly customers

* A2X| Alternative Prosperity | Bravura | Constellation Capital | Edge Growth | Optasia | Sinayo Capital

06

MAJOR POST REPORTING
PERIOD EVENTS



MAJOR POST REPORTING PERIOD EVENTS



Kropz Plc

- ▶ Additional R126 million convertible loan advanced to fund operations at Elandsfontein

ARC Services

- ▶ ARC Services paid R94 million in preference share dividends

Rand Mutual Holdings

- ▶ ARC Fund disposed of shareholding for R726 million which, combined with dividends, generated an IRR of 16.8%

Capital Legacy

- ▶ Sanlam announced an investment in Capital Legacy – still subject to regulatory approvals

07

OUTLOOK





Our strategic focus is maintained, with greater focus on portfolio components

- ▶ Fewer sizeable acquisitions
- ▶ Portfolio rationalisation
- ▶ Bolt-on acquisitions to strengthen key portfolio assets; mostly in future-focused areas
- ▶ Continued focus on closing the discount to NAV the share price is trading at
 - a more focused portfolio
 - lower management fees
 - validating valuations through disposals at full value
 - late-stage startup businesses becoming profitable
 - increasing the proportion of attractive unlisted investments

OUTLOOK



Internal view

- Continue to capitalise on efficiencies and synergy opportunities in investee companies
- Substantial organic growth opportunities in Financial Services, with few bolt-on acquisitions
- Upside in future-focused investments
- Cash management remains key in our pre-break-even investments
- Closing the discount to NAV that 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
- Widespread impact of loadshedding
- Increasing interest rates
- Low expectation of significant improvement in economic growth over medium term

QUESTIONS



ARC
INVESTMENTS