

OVERVIEW

Several key factors impacted the ARC Fund portfolio during the review period, both positively and negatively. The national election and the establishment of the Government of National Unity (GNU), along with lower inflationary pressures and reduced levels of load shedding decreased the uncertainty faced in previous periods. However, high interest and unemployment rates, declining consumer spending, the uncertain implementation and impact of GNU policies, and a volatile foreign exchange environment continue to create challenging trading conditions for some of our portfolio companies.

In this context, it is encouraging to note that ARC's diverse investment portfolio has demonstrated resilience despite the difficult macroeconomic environment. Additionally, these challenging conditions have created opportunities that we believe our investment portfolio is ideally positioned to benefit from.

HIGHLIGHTS

Portfolio Highlights:

Pleasing advances at several key investments:

- Rain - strong performance of rainOne and Rain mobile offerings
- TymeBank – 10.7 million customers and increased activity per customer
- Tyme Global – GOtyme customer base has more than doubled to 5 million
- Alexforbes – strong share price performance on the back of solid results and positive outlook
- Linebooker – several large industry-leading customers onboarded and impressive growth in revenue and profit
- Acorn Agri - right-sizing the portfolio and driving exits

Collaboration within the financial services ecosystem:

- Sanlam Life disposal of its shares in ARC Financial Services Investments (ARC FSI) in exchange for shares in ARC FSH.

Financial Performance:

- Meaningful reduction in discount at which share price is trading
- Intrinsic net asset value (INAV) growth of 4.1% at R19 385 million (30 June 2024: R18 616 million)
- INAV per share increased by 3.2% to R12.78 (30 June 2024: R12.38)
- Cash in the ARC Fund increased to R575 million (30 June 2024: R163 million), as a result of the transactions with Sanlam
- Debt in the fund reduced by 5% to R1 639 million (30 June 2024: R1 725 million), as a result of the transactions with Sanlam
- R698 million of additional investments, including R393 million in Kropz and R233 million in ARC FSH
- Net revaluations of R840 million, of which 32% relates to share price performance in ARC Investments and 42% relates to ARC FSH
- Return of capital of R1.6 billion by ARC FSH to its shareholders and sale of Tyme Group asset by the ARC Fund to ARC FSH, for R517 million

PERFORMANCE

The Company's intrinsic investment value in the ARC Fund increased by 4.1% from R18 616 million at 30 June 2024 to R19 385 million at 31 December 2024. During the period under review, the Company's effective share of the invested assets (or the IPV) increased by 1.4%, from R20 189 million at 30 June 2024 to R20 467 million at 31 December 2024. The IFRS NAV per share increased by 3.6% from R12.34 at 30 June 2024 to R12.78 at 31 December 2024.

Performance analysis for the six months ended 31 December 2024

Investment in ARC Fund	Percentage change	Net Asset Value 30 Jun 24	Net Investment	Increase in Net Asset Value	Net Asset Value 31 Dec 24
Intrinsic portfolio value	1.4%	20 189	(562)	840	20 467
Cash in the ARC Fund		163	562	(150)	575
Debt in the ARC Fund		(1 725)	185	(99)	(1 639)
Other net assets/(liabilities) in the ARC Fund		(11)	–	(7)	(18)
UBI GP fee payable		(55)	–	(10)	(65)
Other liabilities in the ARC Fund		44	–	3	47
Intrinsic Investment in the ARC Fund at FVTPL*	4.1%	18 616	185	584	19 385

* FVTPL: Fair Value Through Profit or Loss

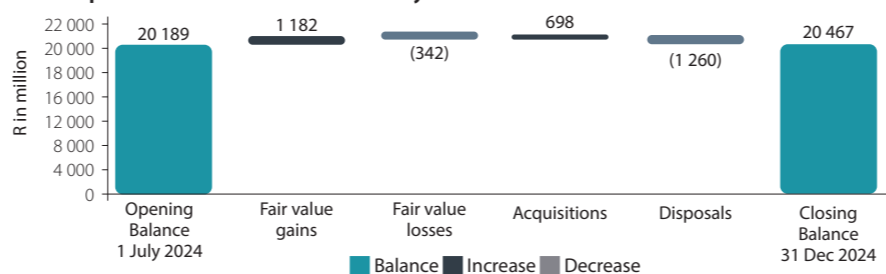
GROWTH IN INTRINSIC PORTFOLIO VALUE

During the period under review, ARC Investments, through the ARC Fund, effectively made acquisitions and disposals amounting to R698 million and R1.26 billion million respectively as depicted below.

The Fund made further investments in ARC FSH, Kropz Group, Rain and ARCH Emerging Markets Partners. It also sold its shares in TymeBank and Tyme Global to ARC FSH and sold part of its shareholding in Val de Vie.

The ARC Fund's net fair value gains amounted to R840 million. The main driver in these gains is an increase of R351 million from the Financial Services portfolio which was in turn driven by gains in Tyme Group Asia, Alexforbes and Sanlam Third Party Asset Management. From the Diversified Investment portfolio, the increase was largely due to fair value gains of R489 million, mainly driven by growth in the value of Rain, ARC Investments, BlueSpec, Acorn Agri and Linebooker. These gains were largely offset by the delays, pressures on the phosphate price and operational challenges faced by Kropz during the same period, which resulted in a decrease in fair value of R229 million. Ongoing work with investment partners continues to deliver synergy benefits for many portfolio companies, which will create additional value in the underlying businesses.

Intrinsic portfolio value movement from 1 July 2024 to 31 December 2024



NOTABLE PROGRESS IN REPOSITIONING THE PORTFOLIO

A significant highlight of the reporting period is the strong progress that has been made in maturing the portfolio and reducing the discount at which the share price is trading. Over 99% of the portfolio is now defined as high growth or mature, with only 6 companies, or 1% of the portfolio, remaining in the early stage of their lifecycle. This will continue to improve the predictability of earnings and ensure lucrative growth prospects in future.

The tail of the portfolio has been reduced, with the top 10 investments now comprising 86.5% of the portfolio. The unlisted portion of the ARC Fund (including investments owned by the ARC Fund through ARC FSH), which is only accessible through ARC Investments, comprises 86% of the portfolio. Portfolio valuations have been validated through the majority of unlisted disposals at values that are above the last reported fair values. ARC Fund's dividend income is accelerating (R98 million in this period, relative to R53 million in the comparable period). ARC FSI received dividends amounting to R511 million, mainly from Alexforbes.

KEY INVESTMENTS

ARC Fund's key underlying investments generated strong performance. The 5 investments below comprise 64.1% of the portfolio

Rain – 27.6% of Fund Value - Rain is well-positioned as an innovative, reliable, affordable home broadband low-cost data and mobile service provider. The value of the Company's interest in Rain has increased by R399 million (acquisitions and net revaluations) to R5 639 million in the period under review. The increase in fair value was as a result of the business progressing past the significant net cash outflow period, together with the successful launch of rainOne and the utilisation of the spectrum acquired in the last auction. Rain has established a solid foundation and continues to enjoy high subscriber growth driven by the strong performance of its rainOne and Rain mobile offerings. Its network received a significant upgrade to Huawei's Apollo 5.5G, enhancing performance and capacity. Rain launched new offerings, providing customers with even more connectivity options. Rain continues to strengthen its brand with customer trust index scores, which remain well above the Telco industry (as measured by Trust Pilot and Hello Peter).

Tyme Group - 16.3% of Fund Value - Tyme Group comprises investments held in TymeBank and Tyme Global through the Tyme SA Holding and Tyme Group Asia. The combined value of Tyme Group reduced as a result of the investment by Sanlam from R3 925 million at 30 June 2024 to R3 450 million as at 31 December 2024. For the period under review, the Tyme Group had net fair value gains of R27 million.

Previously, TymeBank and Tyme Global were disclosed as a single investment due to their shared ownership, strategy, and management structure. However, following the successful completion of a US\$250 million Series D funding round led by Nubank, the oversight and evaluation of TymeBank and Tyme Global have become distinct. As part of this capital raise, the ARC Group proportionally took up more shares in TymeBank SA than in Tyme Global to better align shareholder interests. Consequently, they are now disclosed separately for the period ended 31 December 2024.

TymeBank is a leading digital bank that has shown consistently higher growth in customer onboarding compared to international peers. As of 31 December 2024, the bank had 10.7 million customers and is experiencing consistent monthly growth in income-generating transactions. Total deposits rose to R6.9 billion, up from R6.3 billion in June 2024 whilst net advances increased from R1.9 billion to R2.3 billion. TymeBank also maintains one of the highest net promoter scores in the industry, reflecting strong customer satisfaction.

Leveraging technology to drive growth and operational efficiency, TymeBank is making rapid progress toward sustainable monthly profitability. At the same time, the bank continues to invest in long-term strategic initiatives, including advanced data analytics and AI to enhance customer experience, develop innovative products, and

drive higher activity rates. While these investments may create some short-term pressure on profitability, they are critical to strengthening the bank's competitive position and ensuring sustained growth over the long term.

TymeBank has also built strong strategic partnerships with major retail and fintech players, including TFG, Boxer, Pick n Pay, and Kazang. Following the successful completion of its Series D capital raise in December 2024, the bank remains focused on expanding its lending portfolio to further strengthen its revenue-generating capabilities. However, the bank's valuation was conservatively adjusted downward by R324 million to reflect the price at which the Series D capital raise was completed in December 2024.

Tyme Global is headquartered in Singapore and serves as the holding company for the launch of multi-country banks. The first of these banks is TymeBank in South Africa, followed by GOtyme in the Philippines. GOtyme Bank launched in November 2022 and reached the milestone of 5 million customers by December 2024.

In June 2024, GOtyme Bank acquired Savii, a payroll lender in the Philippines. This acquisition will allow the bank to utilise its growing deposit base to enter the lending market through a well-established and proven lending model. Currently, Tyme Global is in the contracting stages with local partners in Vietnam, where they are also piloting a merchant cash advance product.

During the period, the fair value of the Tyme Global investment was adjusted to reflect the post-money value of the recently closed Series D capital raise, resulting in a positive fair value adjustment of R351 million.

Kropz Plc – 12.7% of Fund Value (30 June 2024: 12.1%) - ARC Fund owns 90.1% of Kropz Plc Group, an emerging African phosphate developer with two key mining assets: Elandsfontein and Cominco. The fundamentals of the fertiliser and phosphate markets remain robust, driven by the need to feed a growing global population from limited agricultural resources. The value of Elandsfontein and Cominco at 31 December 2024 was determined using a discounted cash flow model and amounted to R2 601 million (30 June 2024: R2 437 million). This investment faces many challenges such as the international phosphate market price pressures, and remains a high risk portfolio asset. Due to these risks, the investment was further impaired by R229 million.

The group's primary focus is ramping up production at Elandsfontein, with various initiatives and modifications underway to enhance output. Elandsfontein produced over 144 000 tonnes of phosphate concentrate over the six months. Kropz completed a major restructuring and capital raise in November 2024, with the ARC Fund contributing R393 million in additional capital. While part of this funding was used to repay external debt, the majority supported cash flow shortfalls at Kropz Elandsfontein.

Alexforbes – 7.5% of Fund Value - ARC FSI's shareholding increased by 2.2% from 42.3% to 44.5% in the listed company Alexander Forbes Group Holdings Limited. ARC will continue to play an appropriate role in the investment in terms of strategy, acquisitions and people. Alexander Forbes Group Holdings Limited's share price performed exceptionally well during the period under review, which resulted in a net fair value gain of R85 million being recognised.

Alexforbes also declared a special dividend, bringing the total dividend to R505 million for the period under review, which added to the return on the investment.

MANAGEMENT FEES

The management fee for the six months ended 31 December 2024 was R65 million, as compared to R112 million on 30 June 2024. The Company did not recognise any provisional performance amount in terms of IFRS 2, as the performance participation hurdle has not been met in the current period.

EVENTS AFTER REPORTING PERIOD

Alexforbes

Due to the cancellation of shares in Alexforbes the shareholding of ARC FSI increased from 44.49% to 45.83% of the total issued ordinary shares of AlexForbes.

Proposed delisting and re-domiciliation of African Rainbow Capital Investments Limited and offer to shareholders

Shareholders are referred to the simultaneous announcement by African Rainbow Capital Investments Limited ("ARCI") today, Tuesday, 18 March 2025 regarding a conditional cash offer by African Rainbow Capital Proprietary Limited and K2025167229 (South Africa) Proprietary Limited, as joint offerors, to ARCI shareholders to acquire all the issued shares in ARCI, not already owned by the joint offerors, proposed delisting of ARCI's shares on the JSE and A2X stock exchanges and proposed re-domiciliation of ARCI from Mauritius to South Africa.

GOVERNANCE

ARC Investments is managed and controlled in Mauritius by an experienced, multi-national Board of Directors (the Board), of which the majority are independent. The Board has final oversight and responsibility in respect of ARC Investments' business strategy and key policies, including the investment in the ARC Fund. There are no executive directors on the Board of ARC Investments.

ARC Investments is the only Limited Partner in the ARC Fund. It plays no role in the management or investment decisions of the ARC Fund.

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and has not been reviewed or audited. The information contained herein is only a summary of the information in the full Financial Results announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement that was released on <https://senspdf.jse.co.za/documents/2025/JSE/ISSE/AILE/Results25.pdf> and the ARC Investments' website <https://arci.mu/investor-relations/#sens> on 18 March 2025. This short-form announcement does not contain any additional information not appearing in the full Financial Results released on SENS. The full announcement is available for inspection at the registered office¹ and designated office² of ARC Investments at no charge during normal business hours. Copies of the full announcement may be requested by email from investors@arci.mu.

RESULTS WEBCAST AND PRESENTATION

Shareholders and other interested parties are invited to join management in discussing ARC Investments' interim results via webcast at 10:00am SAST on Tuesday, 18 March 2025 at the following link: <https://www.corpcam.com/ARC18032025>.

18 March 2025

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