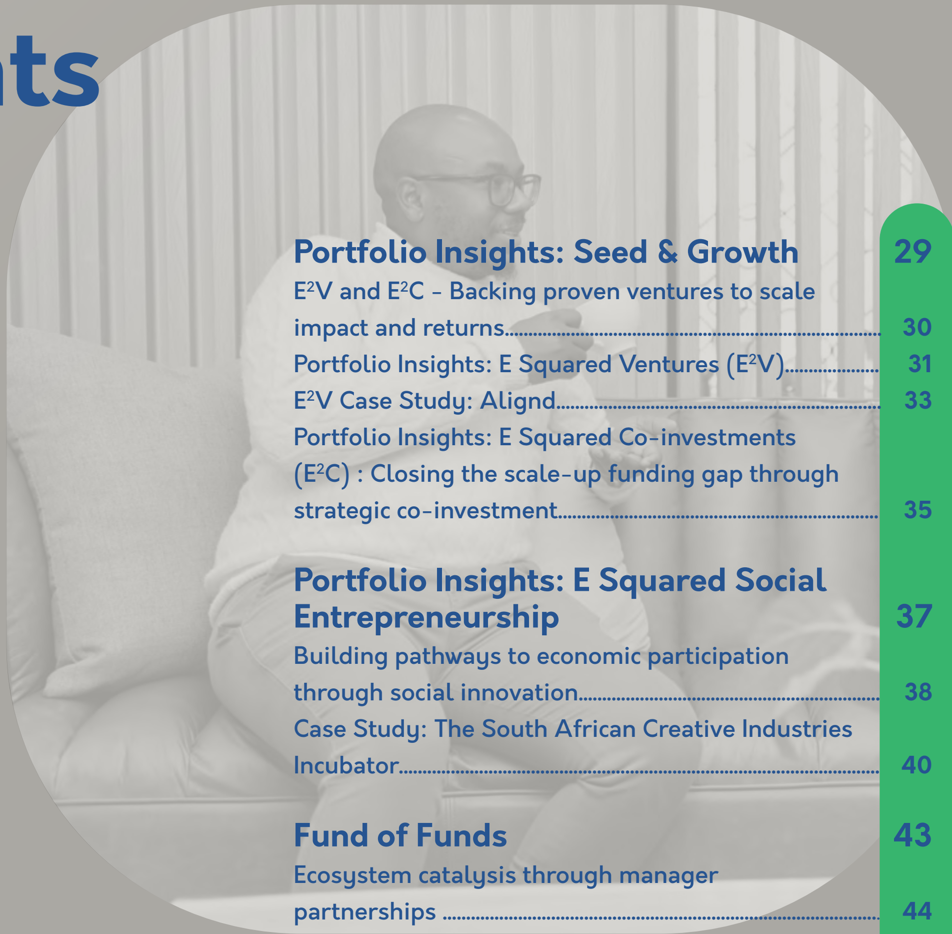
esquared

E SQUARED INVESTMENTS

ANNUAL IMPACT REPORT 2025

As a strategic partner to Allan & Gill Gray Philanthropies, our 2030 strategy sets out a clear path to contribute to the Group's ambition to meaningfully improve 10 million lives through ventures led by responsible entrepreneurs.

Table of Contents



Impact is measured not only by the capital we deploy, but by the businesses that endure, the opportunity they create and the lives they improve.









Chapter

1 Leadership Notes


92%

investment value directed to black beneficiaries in 2025

62%

investment value directed to black women-owned businesses in 2025

7

of the **14** active E^2V investments are female-focused

Chairperson's Note

Lungile Mdluli

Chairperson of the Board

Scaling with sustainability, building with conviction

Scaling impact sustainably is one of the hardest things an organisation can do. It requires more than ambition and capital; it requires the governance discipline to ensure that growth is real, the measurement rigour to know what is actually working, and the institutional integrity to hold course when pressure pushes toward the easier path. These are not abstract governance principles. They are the practical demands of building an organisation designed to endure.

I write this as E Squared's incoming Chairperson, taking on a role shaped by five years of exceptional leadership from Nazeem Martin. The governance culture, strategic compass and Board discipline that Nazeem helped build over the past five years now form the foundation for E Squared's next phase.

The obligation of permanent capital

Most capital in venture and private equity operates under a fund clock. That clock is a discipline: it forces decisions, creates accountability to external partners and imposes a timeline on every investment. E Squared's permanent capital structure removes that clock entirely. It allows the organisation to invest with patience, to stay alongside entrepreneurs through difficulty and to support businesses across cycles that most capital providers would exit long before. That is a genuine and meaningful advantage.

But removing the fund clock does not remove the need for discipline; it intensifies it. Without external timelines and limited partner obligations, the discipline has to come entirely from within: from the rigour of the governance framework, the quality of the Board's oversight, the honesty of performance assessment and the consistency of accountability to the Trust Deed. This is the obligation that permanent capital creates. The Board takes this obligation seriously, and it shapes how we approach every dimension of our oversight role.

What the Board focused on in 2025

A board's contribution is measured not only by what it approves, but by what it strengthens, interrogates and refuses to accept at face value. In 2025, the Board directed significant attention to E Squared's governance infrastructure. We adopted a comprehensive Governance Framework, replacing a Delegation of Authority policy that had become inadequate for the organisation's growing complexity. We strengthened the E^2C investment mandate with clearer eligibility thresholds, tighter transformation tracking and explicit alignment to the Trust Deed. We approved the reconfiguration of the Pathways Programme on the basis of an independent review – a decision that reflects both institutional maturity and a refusal to protect the status quo when the evidence calls for change.

One decision deserves particular mention. During 2025, the Board removed "jobs created" from the organisational performance scorecard. This was not a retreat from impact accountability; it was the opposite. Attribution methodologies for job numbers had become inconsistent, particularly across Fund of Funds investments, and the Board was not satisfied with a metric that could be reported without being reliably measured. The replacement framework, centred on "lives meaningfully improved" and contributing to the BHAGs set by Allan & Gill Gray Philanthropies, is more demanding, not less. Scaling impact sustainably requires knowing what you are actually measuring. Governance that accepts comfortable metrics is not governance; therefore, this will be the last year that "Jobs Created, Supported and Beneficiated" will be mentioned and tracked in the 2026 Report the Lives meaningfully improved framework will be in place

The Board also scrutinised the 2026 budget with a specific focus on unit cost discipline and financial sustainability over the long term. We requested a unit cost analysis framework to sit alongside total cost reporting, and we reinforced the need for stronger segregation of duties and internal controls. These are not procedural concerns. They reflect a Board that understands the difference between an organisation that looks well-governed and one that is.

Inclusion as design, not compliance

B-BBEE compliance is not a reporting metric for E Squared. It is an existential requirement, embedded in the founding purpose and central to the organisation's mandate. In 2025, **92% of investment** value was directed to black beneficiaries, exceeding the 85% minimum legislation requirement of 85%, while the investment value directed to **black-women-owned businesses reached 62% for the year,** and **7 of the 14 active** E²V investments are female-focused. Having spent over two decades in South African private equity, I know how rarely these numbers appear together in a portfolio of this scale. They are the result of deliberate choices made consistently; in how opportunities are sourced, how investments are structured and how the mandate is interpreted. The Board will continue to hold a high standard.

Progress, and the distance still to travel

The outcomes in this report represent real and meaningful progress. **R316 million** deployed in 2025. **R1.34 billion since inception. 37 756 jobs created,** supported and beneficiated since inception. These are material results, and the Board acknowledges the quality of work behind them. They are also not sufficient on their own. E Squared's ambition, anchored in the Allan & Gill Gray Philanthropies' goal of meaningfully **improving 10 million lives** is very large relative to where the organisation stands today. The Board will not obscure that distance.

Scaling impact sustainably means being honest about the trajectory, not just the milestones. The organisation has the model, the capital and the people to close the gap; but only if it continues to grow with the same discipline and intentionality that has produced these results.

In closing

I extend sincere thanks to the E Squared team for the rigour and care with which you drive this organisation, and to my fellow trustees and board members for their continued commitment. To our partners and co-investors: your willingness to deploy capital alongside E Squared, and to share both the risk and the purpose, is what makes the ecosystem model work. And to the entrepreneurs we support: your determination to build businesses of lasting value is the reason this institution exists.

The Board holds itself to the same standard it applies to the portfolio: capital must be deployed with discipline, impact must be measured honestly, governance must be more than process, and purpose must never become decoration. E Squared was built to endure. That is both the promise and the obligation.

R316m
deployed in 2025

R1.34b
deployed since inception

37 756
jobs created, supported and beneficiated since inception

E Squared Ventures disbursed

R160m

in 2025

R31m

in realised returns was generated from partially exited investments in 2025

CEO's Note

Gladwyn Leeuw
Chief Executive Officer

A year of consolidation and increasing momentum

When I took on this role, I spoke about the legacy of Allan Gray and the responsibility of building on something he started with a clear and enduring purpose: to show that responsible entrepreneurship can be a force for economic transformation in South Africa. Two years on, 2025 tested that conviction in practical terms. The operating environment remained difficult, capital remained scarce, and the entrepreneurs we back continued to navigate uncertainty with very limited margin for error. And yet the year produced results that affirm both the importance of this work and the patient, long-term approach we have chosen to take; embedding the foundations of our 2030 strategy, sharpening execution and building stronger momentum across the portfolio.

The need for this work remains urgent. Less than 7% of venture funding in South Africa reaches diverse founding teams. The structural barriers facing black and female founders have not eased. Yet businesses that are well-supported, values-led and commercially resilient are better able to create jobs, serve customers and widen access to opportunity; and that remains the centre of what we do.

An integrated model for the full entrepreneurial journey

In 2025, E Squared deployed **R316 million** across its investment offerings, bringing total investment since inception to approximately **R1.34 billion across 227 businesses.** This capital reached organisations at very different points on the journey: from founders testing commercial models in our Pre-Seed programmes, where the Investment Readiness Partnership Pilot, working with partners including Savant, Endeavor and Grindstone, supported ventures such as Palé, which progressed from an initial investment of approximately **R1.5 million** to follow-on VC capital. to high-growth ventures, social enterprises and fund managers extending capital into the wider ecosystem.

E Squared Ventures disbursed R160 million during the year, bringing total capital invested since inception to R705 million. The portfolio recorded **16% fair market value growth** and a **1.44x MOIC, with 14 of 23** investments remaining active; a **61% survival rate** in a challenging early-stage environment. **R31 million** in realised returns was generated from partially exited investments in 2025, bringing the total since inception to R137 million. E Squared Co-Investment completed its first full year with growing momentum, adding a third investment and expanding its co-investor network to nine; continuing to demonstrate that inclusive investment and commercial performance are the same objective pursued with clarity and consistency.

Our Fund-of-Funds mandate has grown from a seed-focused vehicle into a broader portfolio-construction approach, reaching 33 underlying investee companies through partnerships with 3 Capital Ventures (3CV), the SA SME High Impact Seed Fund-of-Funds (HISFOF) and Secha Capital. Social Entrepreneurship and Venture Philanthropy remained central to our impact-first work: **R38 million deployed across 16 active organisations,** with measurable outcomes including AG Makers catalysing R12 million in revenue for artisan entrepreneurs, Word of Mouth supporting **463 youth e-commerce** businesses generating R6.3 million in platform revenue, and the South African Creative Industries Incubator connecting township-based creatives to international film productions.

Walking alongside entrepreneurs through difficulty

Not every part of the portfolio had a straightforward year. Some organisations faced staffing instability and structural challenges, others experienced financial pressure or fundraising headwinds following the loss of a major funder. Our team remained closely engaged with each of them, providing support where we could. I mention this because it is part of an honest account of what this work requires. Supporting entrepreneurs through difficulty: with patience, without withdrawing, and without pretending that every investment follows a clean upward trajectory - is as central to our mandate as backing the successes. The organisations facing the hardest challenges are often working in the most underserved parts of the economy. Walking alongside them is not a concession to our investment model; it is the model.

Creating value and measuring impact

Capital is essential, but it is not sufficient. Founders also need practical support, governance, access to networks and the capability to make sound decisions as complexity increases. Post-investment value creation (PIVC) is a core feature of our model, and it is how we translate our permanent capital advantage into something more valuable than funding alone. The results are visible: **42 ventures have surpassed R2 million in revenue,** 4 have exceeded **R400 million** in revenue or **R2 billion** in market value, and **7 of the 14 current** E^{2}V investments are female-focused.

At E Squared, financial performance and social impact are mutually reinforcing - a principle that holds as firmly for our social enterprises as for our commercial investments. Since inception, E Squared has contributed to **37756 jobs created,** supported and beneficiated. In 2025, **92%** of investment value was directed to black beneficiaries, and investment value supporting black-women-owned businesses reached **62%** for the year. These outcomes are not incidental; they reflect deliberate choices about where capital is deployed and how businesses are supported; they reinforce our conviction that commercial discipline, inclusion and long-term societal value must be designed to work together.

Building an enduring business

E Squared exists within the broader philanthropic vision established by Allan Gray: that responsible entrepreneurship, when properly supported, can contribute meaningfully to addressing poverty and unemployment in South Africa and across Africa. E Squared is the investment expression of that conviction. Our responsibility is therefore to steward this mandate across generations — not as a fund with a fixed horizon, but as an institution designed to endure beyond its current leadership. That responsibility shapes how we build our team, strengthen governance, partner with entrepreneurs and co-investors, and deploy capital with discipline. Long-term impact depends not only on the businesses we back, but on the institutional capability, judgement and accountability we build within E Squared itself.

Looking ahead

Our priority in the year ahead is to grow with greater quality, discipline and intention by strengthening our pipeline, deepening post-investment value creation, refining our measurement capability and building partnerships that increase the flow of responsible capital into South Africa's entrepreneurial ecosystem. As a strategic partner to Allan & Gill Gray Philanthropies, our 2030 strategy sets out a clear path to contribute to the Group's ambition to meaningfully improve 10 million lives through responsibly led ventures. The cumulative outcomes in this report represent real progress. They also tell us that the distance still to travel is significant, and that we will only close it by continuing to sharpen our model and deploy capital with increasing precision and impact. We know where we are. We are clear about where we are going.

I am grateful to the E Squared team for their discipline and commitment; to the Board for its guidance; and to our partners and stakeholders for their continued trust. Above all, I thank the entrepreneurs in our portfolio - the founders who are building businesses in the hardest parts of the market, who persist without guarantees, and who continue to back themselves when the environment gives them every reason not to. You are why this work matters. Your ambition, resilience and determination continue to affirm the importance of what we do and the responsibility we carry in supporting it with purpose, patience and conviction.

To support responsible entrepreneurs over the long term, we must build an organisation with the discipline, governance and talent to endure alongside them.

Chapter

2

About Us

Purpose, Vision & Mission

Purpose:

To empower and invest in responsible entrepreneurs who become catalysts for economic development, transformation, and social upliftment.

Our Vision:

An economically inclusive South Africa, created by responsible entrepreneurs, with meaningful opportunity for everyone.

Our Mission:

We invest in and support Allan Gray Fellow-led ventures, social enterprises, and high-growth businesses to generate commercial and social returns.

Organisational Values

Our values express how we conduct ourselves as stewards of capital and partners to entrepreneurs. They guide our decisions, our relationships and the way we create long-term, sustainable value for our stakeholders and society.

Long-term Commitment

We are committed to making a long-term, sustainable contribution to society.

Spirit of Humility and Significance

We are ambitious for our work and yet personally humble – complementing a spirit of significance with humility.

Excellence

We focus on the things that matter most and strive to do them exceptionally well.

Responsible Stewardship

We are responsible stewards of our mission and resources.

Diversity and Inclusion

We acknowledge and celebrate the human diversity we represent and the histories that have shaped us. We actively maintain an inclusive culture, and our interactions are enhanced by empathy and respect.

Collaboration

We work across teams with trust and openness, enabling shared thinking and collective problem-solving.

Governance Structure

Board of Trustees

The Board is the custodian of the E Squared Trust Deed. It approves and oversees the organisational strategy to ensure it upholds the spirit and intent of the E^2 Trust Deed. The Board has several subcommittees that support it in ensuring that the Trust Deed mandate is carried out.

Board Subcommittees:

Finance and Risk Committee (FRC)
(receives its authority from the Board). The committee considers proposals from the Executive Leadership Team and advises the Board on financial reporting, risk management, internal controls, and compliance with legal and regulatory standards.

Human Resources and Remuneration Committee (HRRC)
(receives its authority from the Board). The committee considers proposals from the Executive Leadership Team and advises the Board on human capital matters, including strategies on talent management and fair and transparent remuneration.

Investment Committee (IC)
(receives its authority from the Board). The committee considers investment and funding proposals from the operational team and evaluates them in line with the organisational strategy that is driven by the Trust Deed.

Executive Leadership Team (ExCo)

Supports the CEO in providing strategic leadership and direction across the organisation. ExCo is responsible for strategic planning, governance implementation, organisational performance, resource stewardship, and key decision-making, ensuring that the organisation remains aligned to its strategic mandate, objectives, and long-term sustainability.

Chief Executive Officer (CEO)

Provides overall leadership and strategic direction for the organisation and is accountable to the Board for the implementation of strategy, organisational performance, governance, and the achievement of organisational strategic objectives. The CEO oversees the effective management of the organisation's operations, resources, and leadership structures to ensure sustainable organisational delivery and impact.

Board and Executive

Lungile Mdluli
Trustee & Chairperson of the Board

Ntebo Nkoenyane
Trustee & Director

Zipho Sikhakhane
Trustee & Director

Rob Dower
Trustee & Director

Nadya Bhettay
Trustee & Director

Pyi Maung
Chief Investment Officer

Tshilidzi Matlala
Chief Portfolio Officer

Gladwyn Leeuw
Chief Executive Officer

Verna Robson
Human Resources Business Partner

Audrey Mekgwe
Head of Stakeholder Engagement and Communications

Ofentse Mkhandawiri
Chief Finance and Operations Officer

Chapter

3

Investment Approach

How we Empower Responsible Entrepreneurs

Impact Measurement Framework

Our Impact Measurement Framework uses an ex-ante approach, ensuring that the outcomes of our investments are both meaningful and measurable from the outset. Before making an investment, we define the impact we expect to create, establish baselines and targets at entry, and apply a planning instrument aligned to the venture's stage of development.

Pre-Seed ventures are guided by a Development Plan, Seed and Growth-stage ventures by a Value Creation Plan, and Social Entrepreneurship Programmes by a Theory of Change. Regardless of the instrument used, the discipline remains consistent: we track progress across financial, venture, and programme indicators throughout the investment lifecycle, generating evidence of both the outcomes achieved and E Squared's contribution to those outcomes.

Impact Thesis

SEEK

Identify responsible entrepreneurs and social enterprises that align with our impact goals and qualify for funding

PARTNER

Invest in and provide tailored funding solutions to selected ventures, building strong partnerships for growth

SUPPORT

Offer hands-on guidance, mentorship, and strategic connections to help ventures thrive

UNLOCK

Ensure ventures and social enterprises gain access to the funding, resources, and networks needed to grow and strengthen key relationships

HARNESS

Equip entrepreneurs with the skills, tools, and confidence to effectively lead and expand their ventures

NURTURE

Foster sustainable growth by helping their ventures establish strong foundations, grow and scale, increase their impact, and attract further investment

GUIDE

Support ventures to grow, create dignified jobs, uplift lives, and strengthen the E Squared portfolio

GROW

Increase the number of successful, high-impact ventures driving economic transformation in South Africa

To empower and invest in responsible entrepreneurs who become the catalysts for economic development, transformation and social upliftment in Africa.

E Squared Investment Offerings

Pre–Seed		Seed		Series A+
Concept Ideation Phase	**Proof of Concept** Launch Phase	**Monetisation** Validation Phase	**Traction** Scale Phase	**Growth** Expansion Phase
• Pre revenue • Concept solution & fit • Non cash & MVP support • **Key goal:** a working prototype/minimal viable product (mvp).	• Pre to first revenue • Product market fit • Cash & non cash support • **Key goal:** first paying or commercial customer.	• Post revenue • Early growth • Cash & non cash support • **Key goal:** early traction and repeat customers.	• Post revenue • Improved processes & increased overhead • Majority cash and strategic support • **Key goal:** steady traction & break-even.	• Post revenue • Break-even • Majority cash and strategic support • **Key goal:** strong growth with good cash flow and stable profits.

Startup Founder Pitch

Pathways 1A 1B 2 3

Accelerates start-ups from concept refinement to commercial revenue through a bespoke offering with no start/end date.

E Squared Ventures (E^2V)

Funds high-growth, scalable ventures and includes post investment support.

E Squared Social Entrepreneurship (E^2SE)

Impact-first support for social enterprises and public benefit organisations addressing barriers to economic participation.

E Squared Venture Philanthropy (E^2VP)

Provides blended financing to social enterprises.

E Squared Co-Investment (E^2C)

Funds high-growth investments with a mandate to focus on ventures with atleast 51% black ownership post seed stage.

E Squared Fund-of-Funds (E^2FoF)

Backing emerging and established fund managers who combine commercial excellence with a commitment to social impact

Post-Investment Value Creation

Provision of bespoke, strategic, needs-targeted value-creating post-investment support throughout the stages of a venture's growth path.

KEY: Pre-Seed Investments | Social Entrepreneurship & Venture Philanthropy | Post-Investment Value Creation | High Growth Enterprises


Scaling
Collaborative

Chapter

4

2025 Investment Highlights

SNAPSHOT 2025

Total investments disbursed in 2025
R316m *2024: R369.7m*

Total investment activity since inception
R1.34bn *2024: R1.02bn*
in 227 businesses at various stages of development

OUR MISSION:
We invest in and support Allan Gray Fellow-led ventures, social enterprises, and high-growth businesses to generate commercial and social returns.

OUR VISION:
An economically inclusive South Africa, created by responsible entrepreneurs, with meaningful opportunity for everyone.

PURPOSE:
To empower and invest in responsible entrepreneurs who become catalysts for economic development, transformation, and social upliftment.

INVESTMENT BY PORTFOLIO IN 2025

E Squared Pre-Seed	FY2025 **R32m**
E Squared Ventures (E^2V)	FY2025 **R160m**
E Squared Co-Funding (E^2C)	FY2025 **R10m**
E Squared Fund of Funds (E^2FoF)	FY2025 **R78m**
Social Entrepreneurship (Incl. VP)	FY2025 **R36** million
TOTAL	FY2025 **R316m**

INVESTMENT BY PORTFOLIO SINCE INCEPTION

E Squared Pre-Seed	**R142m**
E Squared Ventures (E^2V)	**R705m**
E Squared Co-Funding (E^2C)	**R37m**
E Squared Fund of Funds (E^2FoF)	**R210m**
Social Entrepreneurship (Incl. VP)	**R214m**
IRF	**R30m**
TOTAL	**R1.34bn**

PERFORMANCE & RETURNS

Realised returns
R31m from partially exited investments
2025: R23.6m

R137m since inception
2024: R103.8m

E^2V Fair market value at the end of 2025: R987m
*2024: R709m**

Fair Market Value Growth in 2025: 16%
*2024: 34%**

* Indicates figures that differ from those reported in the previous year.

Total capital invested (E^2V since inception) R705m
2024: R544m
= **FMV** return: **44%** *(2024: 42%)*,
MOIC: 1.44x *(2024: 1.42x)*.

esquared

PORTFOLIO MILESTONES

Growth Achieved
42 ventures have surpassed R2m in revenue
4 have exceeded R400m in revenue or R2bn in market value.

E^2V portfolio survival rate
61% of E^2V investments since inception remain active (14 out of 23).

Fund of Funds reach
The E^2FoF product has reached **33** underlying investee companies to date.

Female-focused investments (E^2V)
7 of 14 current E^2V portfolio investments are female-focused.

DRIVING TRANSFORMATION

B-BBEE Value
92% investment value directed to black beneficiaries

Above the minimum legislated requirement of 85%

E^2V disbursements to black founders in 2025
92% of investment value in 2025
89% of investment value since inception

Investment by value supporting black women-owned businesses
62% in 2025 (3-year rolling: **52%**)

value = rand amount; volume = number of investments/transactions.

Investment by volume into black women-owned businesses
27% in 2025 (3-year rolling: **33%**)

JOBS & SOCIAL IMPACT

Jobs created, supported and beneficiated since inception **37 756**

Portfolio Insights

In 2025, the portfolio showed three clear themes: stronger early-stage pipeline discipline, continued growth-stage traction and deeper ecosystem reach.

Across our pre-seed programmes, our seed and growth investments, and our social entrepreneurship portfolio, 2025 was a year of consolidation and momentum. Founders we backed in the early years are now leading businesses of real scale. New ventures are moving through our pipeline with increasing pace. And the infrastructure we have built around our investments - including mentorship, networks and governance support - is proving its worth in the performance of the portfolio.

Portfolio Insights: Pre-Seed

Pre-Seed Portfolio

Building a high-quality pipeline for scale

Overview

The Pre-Seed Portfolio is E Squared's primary pipeline-building mechanism, designed to develop high-potential ventures from concept validation through to early commercial traction. It serves as the entry point into the broader investment ecosystem, with a clear mandate: to prepare investable businesses for progression into E Squared Ventures (E^{2}V) and other growth-stage funding channels.

Launched in 2020 and delivered through **Startup Founder Pitch (SFP)** and **Pathways,** the portfolio combines catalytic capital with structured venture-building support. Interventions focus on strengthening business model clarity, execution capability, and early market traction, ensuring that ventures are equipped to meet the commercial and operational thresholds required for scale.

Advancing Investment Readiness

Investment readiness is the organising principle of the Pre-Seed Portfolio. Capital deployment and support are explicitly aligned to measurable progress against defined milestones, enabling disciplined progression toward E^{2}V.

In 2025, we introduced the **Investment Readiness Partnership Pilot,** marking a strategic shift in how early-stage support is delivered. Through partnerships with Savant, Endeavor, and Grindstone, the portfolio expanded its execution capacity while maintaining a strong focus on quality and outcomes.

Early results, which incorporate founder feedback, indicate that the selected partners are delivering measurable value, contributing to reduced internal execution load and improved progress against defined investment readiness milestones.

The broader insight is that carefully selected, values-aligned external partnerships can enhance the effectiveness of the Pre-Seed portfolio's capital deployment without compromising quality. This supports a more scalable approach to developing investment-ready ventures.

This pilot also reflects a broader strategic shift within E Squared's 2030 strategy, evolving Pathways from a linear progression model toward a more flexible, system-driven approach, characterised by clearer milestones, faster progression, and modular delivery aligned to varying venture needs.

This reflects a broader evolution from a linear progression model to a **system-driven pipeline,** with clearer milestones, modular support, and faster movement through stages.

Portfolio Performance and Pipeline Strength

The Pre-Seed Portfolio continues to demonstrate its effectiveness in building a robust pipeline of growth-ready ventures:

Startup Founder Pitch (SFP)

- **R7.1 million** disbursed since inception
- **21 ventures** funded since inception
- **48% progression** into Pathways, demonstrating strong early-stage selection discipline

Pathways

- **R126.7 million** disbursed since inception
- **74 ventures** supported, with 41 active ventures across staged development phases
- **R32 million** disbursed in 2025, supporting 16 new investments and 21 progressions

Pipeline progression remains a critical indicator of success:

- **7 ventures** advanced into the Seed & Growth Portfolio (E^{2}V) since inception
- **3 ventures** currently in the Pre-Seed portfolio have surpassed R2 million in revenue, signalling early commercial viability

This progression reinforces the portfolio's role as a reliable feeder into E^{2}V, ensuring a consistent flow of investment-ready opportunities.

Early Indicators of Impact

Beyond progression metrics, portfolio companies are increasingly demonstrating external validation and commercial promise:

- Ventures securing non-dilutive funding, extending runway without equity loss
- Recognition through prestigious awards and international platforms
- Growing credibility in both local and global markets

These signals reflect strengthening venture quality and increasing readiness for scale-stage investment.

Strengthening the Pipeline for Scale

The Pre-Seed Portfolio plays a critical role in ensuring that E Squared's capital is deployed into businesses with validated potential. By the time ventures enter E^{2}V, they have:

- Demonstrated early traction
- Strengthened operational capability
- Built a foundation for scalable growth

This disciplined pipeline approach improves capital efficiency at the growth stage and increases the likelihood of sustained portfolio performance.

Looking Ahead

The Pre-Seed portfolio enters 2026 with a clearer strategic role as the pipeline engine for E^{2}V and a stronger foundation for disciplined early-stage capital deployment.

The Investment Readiness Partnership Pilot has generated practical insight into how external partnerships can scale delivery, improve execution efficiency and strengthen progression toward E^{2}V readiness. These learnings will inform the continued design of a more scalable, performance-driven Pre-Seed model.

Strategic priorities

The 2026 priority is to accelerate venture progression toward investment readiness, creating a stronger and more consistent flow of opportunities for E^{2}V and aligned external funding partners.

This will be achieved through:

- Deeper integration with values-aligned external partners to strengthen execution capacity and venture readiness.
- A more modular, investment track-based Pathways design aligned to milestone-based capital deployment.
- Continued focus on building a high-quality, diverse pipeline of ventures with clear potential to progress into E^{2}V.

Performance indicator

Conversion from Pre-Seed into E^{2}V remains the defining performance measure. Each successful transition demonstrates the effectiveness of the Pre-Seed model in developing ventures that are ready for growth capital, capable of scaling, and positioned to deliver meaningful economic impact.

Case Study: Pre-Seed Portfolio Palé

An AI-powered wine platform making product discovery more accessible

From early validation to an investable platform through Pre-Seed capital
Pre-Seed Investment: ***±R1.5m*** *| Users:* ***12 000+*** *| Outcome:* ***Follow-on VC investment secured***

Palé - which is a deliberate respelling of the French word for *palette* - was built on a simple insight: for many South Africans, the world of wine is often perceived as complex and inaccessible.

Founder Mashokane Ramusetheli identified this gap and developed a recommendation engine that prioritises individual taste preferences over technical knowledge, enabling consumers to discover wines in a more intuitive and accessible way.

The venture was identified at an early validation stage, where initial demand had been established but further capital was required to develop the product, strengthen the commercial model, and test scalability.

Early Validation and Product Evolution

What began as Four-One-Wine - a manufacturer of bespoke wine accessories - evolved through direct customer engagement into a technology-led platform addressing a broader market need. Early validation confirmed the demand for the value Palé was offering.

> *"Within* ***six months*** *of launching,* ***over a thousand*** *South Africans had used the platform, looking for wine that matched their taste,* ***without needing technical wine terminology.***

Commercial Expansion

The platform has since evolved into a smart menu solution for the hospitality industry, offering:

- Personalised food and beverage recommendations
- Dietary filtering and allergen information
- Real-time menu updates

For hospitality operators, the platform provides:

- Reduced reliance on printed menus
- Greater operational efficiency
- Enhanced cross-selling and upselling opportunities

Strategic partnerships with Pernod Ricard and the Jägermeister Group have further enabled expansion into spirits and cocktails.

Several hospitality clients are currently live, with a growing focus on multi-site partnerships to accelerate commercial scale.

Pre-Seed investment

E Squared invested in Palé as an early-stage opportunity, based on the strength of the founding team and early validation through strategic partnerships. An initial investment of approximately R1.5 million was deployed to:

- Advance development of the AI-driven platform
- Strengthen the commercial model
- Validate use cases within hospitality environments

This enabled the venture to progress from early validation toward a more structured and scalable operating model.

Progression and traction

Following investment, Palé demonstrated measurable progress across key indicators of investability:

- User growth to over 12 000 active users
- Expansion from a consumer-facing tool to a B2B hospitality platform
- Partnerships with leading industry players
- Early commercial traction through onboarding hospitality clients

These milestones reflect the venture's transition to a commercially viable platform with emerging scalability potential.

Value creation

As part of E Squared's value-creation approach, Palé participated in the Endeavor accelerator programme through the Investment Readiness Partnership Pilot.

This contributed to:

- Strengthened financial modelling and strategic planning
- Improved investment readiness
- Access to a wider network of experienced operators and investors to support capital raising and negotiation

Investment outcome

Palé secured follow-on investment from an partner venture capital fund, with a larger seed round anticipated in 2026. This milestone demonstrates the effectiveness of Pre-Seed capital in developing ventures to reach investment readiness and attract downstream capital.

Forward trajectory

With additional capital secured, Palé is focused on scaling within the hospitality sector through multi-site partnerships, while exploring expansion into wholesale and retail markets.

The platform's growing user and menu data may support further product development and commercial growth.

The strongest entrepreneurial ecosystems are built through collaboration. By backing fund managers, we extend our reach and multiply our impact beyond what we could achieve alone.

Portfolio Insights: Seed & Growth

Seed and Growth Portfolio (E^2V and E^2C)

Backing proven ventures to scale impact and returns

Overview

E Squared's Seed and Growth Portfolio represents a critical bridge between early-stage innovation and large-scale, sustainable enterprise growth. Anchored by two complementary investment vehicles – E Squared Ventures (E^2V) and E Squared Co-Investments (E^2C) – the portfolio deploys strategic capital into businesses that have moved beyond initial validation and are positioned for expansion.

This portfolio is defined by a clear conviction: inclusive investment and strong financial performance are not competing priorities. They are mutually reinforcing outcomes achieved through disciplined capital deployment, long-term partnership, and ecosystem engagement.

The Seed and Growth Portfolio focuses on ventures with demonstrated traction, scalable models, and ambitious leadership teams. Capital is coupled with high-value post-investment support, access to networks, and ecosystem linkages that enable founders to accelerate growth with confidence.

E Squared's post-investment approach is applied consistently across portfolio management and forms a core part of its value proposition beyond capital. Through the Post-Investment Value Creation function, portfolio companies receive bespoke, needs-based support that responds to their stage of growth, strategic priorities, and operating context. This includes strategic mentorship, expert-led advisory engagement, governance support, leadership development, access to industry networks and co-investors, and ongoing performance tracking. The approach is designed to ensure that capital deployment is actively reinforced by practical support that helps ventures strengthen their foundations, improve execution, navigate growth challenges, and unlock long-term commercial and impact outcomes.

Advancing Strategy Through Scale

In 2025, the portfolio demonstrated meaningful progress across both vehicles, reflecting a maturing investment approach and growing influence within the entrepreneurial ecosystem.

- *R170 million deployed across E^2V and E^2C in 2025*
- *Growing pipeline of ventures progressing from early-stage pathways into growth funding*
- *Continued portfolio progression, with selected ventures strengthening revenue performance, customer traction, operational capability, and readiness for follow-on funding*
- *Expanded co-investor network, strengthening ecosystem collaboration and capital mobilisation*

E^2V continues to anchor the portfolio through direct investment in high-potential ventures founded by Allan Gray Fellows, while E^2C extends E Squared's reach by crowding in capital alongside aligned investors. Together, these vehicles create a continuum of support that enables founders to move from validation to scale.

Driving Inclusive Growth

The portfolio plays a deliberate role in building a more inclusive economy by directing capital towards underrepresented founders. Capital allocation across both vehicles prioritises black-led businesses, with an increasing share of investments supporting female-led ventures. Investment strategies also focus on addressing funding gaps at critical scale-up stages, where access to growth capital remains most constrained.

This approach ensures that capital is deployed where it has the greatest potential to unlock both economic and societal value.

Looking Ahead

In 2026, the Seed and Growth Portfolio will focus on strengthening the quality of support provided to existing investments while improving the flow of growth-ready ventures into E^2V. Key priorities include deepening post-investment value creation, supporting selected ventures to prepare for follow-on funding, expanding the co-investor network, and improving how portfolio progress is tracked across revenue growth, operational capability, investment readiness and transformation outcomes.

Together, E^2V and E^2C will continue to provide a pathway for proven ventures to move from scale to growth, while helping to mobilise additional capital into businesses with the potential to deliver both commercial returns and inclusive economic value.

E Squared Ventures (E²V)

Why Capital with a Long-Term View Matters for South Africa's Growth Businesses

South Africa has no shortage of entrepreneurial ambition. Across the country, founders are developing innovative solutions to some of our most pressing economic and social challenges. Yet too many promising businesses fail to reach their full potential, not because the ideas lack merit, but because the support required to scale is often unavailable when it matters most.

This challenge sits at the heart of why E Squared was established. When Allan Gray established E Squared, the ambition was to complement the work of the Allan Gray Orbis Foundation by ensuring that Allan Gray Fellows with the potential to build high-impact businesses could access the kind of support required to translate entrepreneurial promise into enduring enterprises. The intent was not simply to fund businesses, but to help develop a generation of responsible entrepreneurs capable of building firms that create employment, advance economic inclusion and contribute meaningfully to South Africa's long-term social and economic transformation.

> *As Allan Gray articulated it: "In the coming years, there will emerge from **diverse communities** a new generation of high-impact entrepreneurial leaders. **Individuals of passion, integrity, and innovation** will be at the forefront of the continuing economic and social transformation of this region."*

E Squared Ventures (E²V) carries this intention into the scale-up stage. Specifically created for Allan Gray Fellows building high-impact businesses, E²V provides growth capital and strategic support to ventures that have moved beyond early validation and are demonstrating the potential to become resilient, commercially sustainable companies. It is designed to back founders who reflect the qualities Allan Gray envisaged: entrepreneurial leaders of passion, integrity and innovation, committed to building businesses that serve society as well as markets.

This is why E Squared's Pre-Seed investments play such an important role in the broader investment pathway. Through programmes such as Pathways, early-stage Allan Gray Fellow ventures receive the capital, guidance and venture-building support needed to refine their models, establish traction and prepare for commercial investment. Since the inception of these programmes in 2020, **seven ventures have progressed into E²V**, demonstrating the deliberate pipeline between early entrepreneurial development and long-term growth capital.

This long-term approach continues to demonstrate encouraging results. Since inception, E²V has invested **R705 million across ventures** spanning multiple sectors, with **R160 million** disbursed during 2025 alone. Today, the portfolio comprises **14 active investments,** more than half of which show strong commercial traction, evidenced by sustained revenue growth, follow-on funding, and progress towards profitability.

Importantly, E²V's investment philosophy recognises that entrepreneurship is also a powerful driver of economic inclusion. Since inception, **89% of investment value** has been deployed to black founders, while **7 female-focused businesses** currently form part of the active portfolio. These figures reflect a deliberate commitment to backing founders whose success contributes to a more inclusive and representative economy.

The value of deploying capital with a long-term view is reflected in the portfolio's progression: ventures are moving from SFP to Pathways into E²V, surpassing revenue milestones and attracting follow-on funding. These are early indicators that our investment, when combined with structured post-investment support, can help Fellow-founded businesses move from promise to more durable commercial performance.

The E²V model recognises that one of the most critical phases of a venture's journey is scale, addressing this gap by supporting founders as they transition from initial traction to sustained growth.

Looking ahead, E²V will continue to deepen support for its existing portfolio while strengthening pathways for future founders to access growth capital. As more businesses progress through the investment lifecycle and attract follow-on funding, the focus remains unchanged: backing exceptional founders to build businesses that endure, create opportunity and contribute meaningfully to South Africa's economic future.

Portfolio Performance and Impact

Since inception, E²V has deployed **R705 million** across a diversified portfolio of high-potential ventures.

In 2025, the portfolio demonstrated continued strength:

- **R160 million** disbursed in 2025
- **14 active investments** out of 23 since inception, reflecting a disciplined and evolving investment strategy
- **16% growth** in fair market value year-on-year
- Clear indicators of scale readiness are evident across the portfolio:
  - 9 ventures exceeding **R2 million** in revenue
  - 7 businesses successfully progressing **from Pathways into E²V**

Case Study: Seed & Growth Portfolio

alignd.
Value. Trust. Solutions.

Re-orienting the care-ecosystem towards delivering meaningful value to patients

Where did it start?

Alignd originated from a deep conviction shared by founders Shivani Ranchod and Dr. Linda Holding that it was possible to more compassionately care for patients with serious illness, while simultaneously reducing the high and often wasteful expenditure incurred by medical schemes. Linda had extensive experience in the scheme industry, working on programmes to better manage funding risks. Shivani brought a systems perspective, having worked across both the public and private sectors, as well as across healthcare financing and the provision of care. They leaned on Linda's training as a palliative-care doctor, and Shivani's actuarial work on healthcare costs at the end-of-life - identifying palliative care for patients with serious cancer as the place to start transforming the healthcare system. Palliative care is care that can exist alongside disease-directed care, and that is aimed at providing support and symptom relief.

The problem Alignd is designed to solve

Across the healthcare system, it is common for resources to be spent on care that isn't oriented towards improving health outcomes that matter to patients. In palliative care, this was particularly noticeable before the launch of the Alignd Palliative Care Programme. In 2020, medical schemes were spending an estimated R20 billion on end-of-life care, and the vast majority of patients experienced care that was unsupportive, didn't attend to their symptoms (including pain), didn't always deliver a meaningful clinical benefit (like unnecessary surgeries in their last month of life), and resulted in them ending their lives in hospital and not at home as the majority would prefer. In addition, healthcare providers of palliative and end-of-life care services were not being remunerated appropriately for their work.

The impact Alignd has had

If we fast-forward to today, we see impact across the following dimensions:

- More than **6 000 patients** and their families have been supported since inception
- More than **3 million people** have access to meaningful palliative care benefits via medical schemes who have partnered with Alignd. These include the Government Employees Medical Scheme (GEMS), Bonitas, Fedhealth, AECI Medical Aid Society, Parmed Medical Scheme, SAMWUMED and KeyHealth Medical Scheme. Patients are **40% less likely to have unnecessary surgery in the last month of life**
- The majority of Alignd patients are able to receive care at home, in line with their wishes
- Schemes have saved more than **half a billion Rand**
- Close to **50 people are employed** directly, with a majority **black- and women-led** team led by the experienced and visionary Dr. Lungi Nyathi
- Alignd has meaningfully provided economic opportunities for the ecosystem of home-based carers, nurses, social workers, providers of equipment for home-based care and palliatively trained doctors who would otherwise be underfunded for the important work they do. **445** of these providers are now on the Alignd Provider Network

Combining technology and the human touch to deliver the best care

Medical schemes contract and pay Alignd to provide a comprehensive palliative care solution for their members. Alignd draws on the field of value-based care to structure the benefit design, create the tariff codes, and contract a network of palliative care providers, and employ a team of Care Partners who co-ordinate the multidisciplinary team and liaise between the patient, the schemes and the providers of care.

The Alignd solution makes use of technology to enable heart-led care. For example, an algorithm is used to proactively identify patients who would benefit from palliative care, but don't yet know it's available to them. The conversation with the patient to help them understand these extra benefits is done with kindness by a human being.

Importantly, Alignd also ensures that patients have a chance to articulate their preferences for serious-illness care, and measures cost and quality outcomes to support improvement, feedback and accountability across the system.

Alignd has also pioneered a nurse-led model supported by virtual consultations in rural areas where there is a shortage of palliative-care-trained doctors.

The value of the model lies in combining benefit design, provider networks, care coordination, patient preference data and outcomes measurement into one integrated care pathway.

E Squared's role

E Squared's E²V investment in Alignd reflects the value of patient capital: backing innovation based on long-term potential rather than predetermined exit horizons.

Further, E Squared holds a board seat in Alignd, enabling it to provide strategic input to support the business as it prepares to bring on a new investor.

E Squared's support for Alignd extends beyond capital. Through its E²V investment, board participation and strategic input, E Squared supports the company as it strengthens its operating model, prepares for new investment and expands its value-based care approach. As Alignd develops its maternity and kidney-care programmes, E Squared expects to continue supporting the business with patient capital and strategic guidance aligned to its next phase of growth..

What's next?

Two new programmes (maternity and kidney care) are in development, building on the infrastructure, relationships and value-based care expertise that Alignd has built. E Squared expects to consider additional capital additional capital to support both launches - backing an organisation that has already demonstrated it can change how a system operates and is now preparing to do it again.

E Squared Co-Investment (E²C)

Closing the scale-up funding gap through strategic co-investment

Progress made by E Squared Co-Investment (E²C) in 2025

Launched in 2024, E²C co-invests alongside experienced lead investors in high-potential ventures, strengthening funding rounds, sharing risk, and expanding access to strategic networks. The model is deliberately structured to mobilise additional private capital into businesses with demonstrated traction.

The E²C mandate is set out to address a persistent and well-documented problem: less than 7% of venture funding in South Africa reaches diverse founding teams. One year on, the vehicle has moved from launch to execution.

Progress and Performance

In its first full year of operation, E²C has established itself as a credible and catalytic participant in the venture ecosystem:

- R37 million deployed to date, including R10 million in 2025
- 3 investments across transport, AI, and medtech sectors
- A growing network of 9 co-investors

These early outcomes provide initial evidence that the co-investment model is an effective mechanism for accelerating scale and attracting aligned investors.

Inclusive Growth by Design

E²C actively targets the funding gap faced by underrepresented founders:

- Investment criteria include black ownership and diverse leadership
- The strategy prioritises ventures with potential to scale beyond South Africa
- Partnerships with aligned investors ensure broader support for inclusive growth
- This approach reinforces the principle that diverse entrepreneurship is central to long-term economic development.

Portfolio Highlights

- **My Next Car (MNC)** is using technology-enabled logistics to expand access to last-mile delivery opportunities, with a particular emphasis on improving participation by women in the sector.
- **The Awareness Company** is developing sustainability-focused software solutions that support organisations to manage and interpret operational and environmental data.
- **Impulse Biomed** is advancing a medtech solution with potential relevance beyond South Africa, supported by institutional engagement, grant-funding progress and early international-market exploration.

Building a Collaborative Ecosystem

E²C strengthens the investment ecosystem by fostering collaboration:

- Applying investment criteria that include black ownership and diverse leadership
- Prioritising ventures with the potential to scale beyond South Africa
- Partnering with aligned investors to broaden support for inclusive growth
- Reinforcing the principle that diverse entrepreneurship is central to long-term economic development

This collaborative approach contributes to a more connected and resilient venture landscape.

Looking Ahead

As E²C scales, the focus shifts to expanding its co-investor network and deepening its pipeline across diverse sectors. The objective remains clear: mobilise capital, strengthen partnerships, and support founders in building scalable, high-impact businesses.

By aligning capital with collaboration, E²C is helping to reshape the scale-up funding landscape and unlock the full potential of South Africa's entrepreneurial economy.

We invest and partner with businesses at all stages, supporting entrepreneurs and management teams to generate long-term financial and social returns.

Portfolio Insights: E Squared Social Entrepreneurship

Social Entrepreneurship:

Building pathways to economic participation through social innovation

The Social Entrepreneurship (SE) portfolio advances E Squared's impact-first mandate by supporting organisations that address systemic barriers to economic participation. The portfolio backs social enterprises and non-profit initiatives that are tackling some of South Africa's most entrenched challenges, including youth unemployment, educational inequality, food insecurity, environmental sustainability, and access to essential services.

A core focus is on organisations working with NEET youth, supporting pathways into the economy through skills development, entrepreneurship, market access, and income-generating opportunities.

Our investments in this portfolio are guided by a simple conviction that social enterprises, when properly supported, can deliver outcomes that neither pure philanthropy nor conventional business can achieve alone. Alongside the capital we provide, comes strategic mentorship, governance support, fundraising assistance and access to a network of partners and co-funders that share our commitment to lasting, systemic change.

Strategic Role within E Squared

The SE portfolio operates as E Squared's impact-first pillar, extending the organisation's reach to public benefit organisations, social enterprises and beneficiary groups that may not yet be commercially investable but are critical to building a more inclusive economy.

Through grant funding, programme-related investment and venture philanthropy, the portfolio supports pathways into economic participation, particularly where systemic barriers limit access to skills, markets, income opportunities and essential services. This complements the Seed and Growth portfolio by ensuring that E Squared deploys fit-for-purpose capital across both commercially driven and impact-first models.

Portfolio Performance and Reach

16
active portfolio organisations

R36 million
deployed in 2025

R214 million
disbursed since inception

6
new transactions in 2025

The portfolio's alignment with the UN Sustainable Development Goals continues to deepen, with investments spanning **SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities and Communities), and SDG 12 (Responsible Consumption and Production).**

1 NO POVERTY | 4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Catalysing Impact Beyond Capital

The SE portfolio's value lies in its ability to unlock impact at scale through more than funding alone.

Capital is complemented by:

- Strategic mentorship and governance support
- Fundraising and partnership development
- Access to a network of aligned co-funders and ecosystem partners

This integrated model enables portfolio organisations to move beyond programme delivery toward sustainable, systems-level impact.

Looking ahead

The 2026 focus is to strengthen the portfolio's ability to measure and scale impact more effectively, and target capital more precisely.

Key priorities include:

- Institutionalising a robust, outcomes-led monitoring and evaluation capability to inform capital allocation and performance management
- Expanding into underserved geographies beyond core urban centres to broaden access to opportunity
- Supporting social enterprises that demonstrate measurable, scalable impact—particularly in youth economic participation.

Geographic expansion beyond the Western Cape and Gauteng is a priority; the team is actively identifying and evaluating high-potential social ventures in underrepresented regions across South Africa. Venture philanthropy remains central, with an emphasis on innovative deal structures that tackle systemic challenges, including youth unemployment and educational inequality.

The greatest opportunity ahead lies in backing social enterprises that can demonstrate measurable, scalable impact, particularly in sectors linked to youth economic participation.

Priority will be given to organisations that can credibly quantify outcomes in income generation, job creation and pathways to sustainable livelihoods; use technology to scale delivery and track impact; and operate with commercial discipline while remaining focused on impact-first models

Post-investment value creation is delivered through a tailored support model. While it draws on the broader PIVC approach used for commercial ventures, it is adapted to reflect the specific needs of social enterprises, with a focus on targeted capacity building, strategic mentorship, and structured peer learning.

Case study: Social entrepreneurship

The South African Creative Industries Incubator

Unlocking the creative economy, one entrepreneur at a time

> *"**Beth Arendse** founded the South African Creative Industries Incubator **(SACII)** in 2017 to solve a problem she had lived personally. Eight years on, it has become one of South Africa's most distinctive social enterprises.*

South Africa's creative sector is full of talented people, but many lack the business skills, infrastructure, market access and funding to turn their craft into a livelihood. Beth's own experience as an incubation programme participant revealed that no equivalent programme existed specifically for creative entrepreneurs specifically for creative entrepreneurs. Township-based creatives, in particular, had almost no access to such nurturing business-growth opportunities. Closing that gap became SACII's founding purpose – and it remains the organising principle behind everything the organisation does.

What SACII does

SACII provides business incubation, technical skills training, accredited programmes and shared production facilities to creative entrepreneurs who would otherwise have no access to any of it. All programmes are accredited by the University of Pretoria, spanning pre-incubation, full incubation and sector-specific accelerators across music, fashion and digital content.

A dedicated market access function connects participants to real economic opportunities both locally and internationally, while a creative-specific incubation methodology ensures that highly talented people who are not natural business people get support that is genuinely designed for them – not repurposed from a generic business development playbook.

Beyond its own programmes, SACII implements client-funded incubation projects for corporates and development partners, and Beth's advisory roles – including membership of South Africa's National Advisory Council on Innovation – mean SACII's work feeds directly into national policy thinking around the creative economy.

The impact so far

300+
SMMEs supported

12
companies assisted to export internationally

219
*economic opportunities generated through a single programme, including **25 permanent jobs** and **194 freelance roles***

The flagship VFX Digital Skills Accelerator connects training directly to paid industry work through a learn-and-earn model. Participants have contributed to international productions for Paramount Films, which is concrete evidence that township-based creatives, given the right infrastructure and support, can compete at a global level.

E Squared's role

E Squared has been part of SACII's journey since 2023, providing the catalytic funding that enabled the VFX Accelerator to move from pilot to proven model. That early investment helped SACII unlock further funding from the IDC to scale the programme, and its first international funding from the Maria Marina Foundation in Switzerland – the latter facilitated directly with E Squared's support and network.

Beyond capital, E Squared contributed to SACII's funder-readiness materials and positioning helped open doors to industry partnerships, including the connection to Lightseed that enabled participants to access the global VFX value chain. (SACII subsequently facilitated the Lightseed partnership internally)

What's next?

SACII is expanding its Creative Hub model across Johannesburg and Cape Town, developing new accelerators in gaming, animation and immersive technologies, and working toward national geographic reach. The VFX programme is on track to serve 40-55 participants across multiple cohorts, with a longer-term vision of scaling into other African markets already being explored.

Beth Arendse's vision has always been bigger than a training programme. It is about reshaping who gets to participate in the creative economy, and showing, with growing evidence, that with the right support, township-based creatives can compete on a global stage. E Squared's support has helped SACII demonstrate that township-based creatives can access commercial opportunities in local and international value chains.

Backing fund managers allows E Squared to multiply its reach: more capital flowing to more entrepreneurs, through partners who share our commitment to commercial discipline, transformation and long-term impact.

Portfolio Insights: Fund of Funds

Fund of Funds: Ecosystem Catalysis Through Manager Partnerships

The Fund of Funds mandate serves a dual purpose. First, it builds a diversified and sustainable investment portfolio for E Squared - one that generates strong commercial returns, enables capital recycling, and supports the organisation's long-term financial sustainability. Second, it catalyses capital in South Africa's entrepreneurial ecosystem by extending E Squared's reach beyond what direct investment alone can achieve.

The mandate advances transformation by increasing access to funding for black and female fund managers, and for the businesses they back. It also helps address structural barriers that have historically limited the flow of capital to diverse founders across South Africa.

Evolution of the mandate

While the commitment to 3 Capital Ventures predates 2024, the official Fund of Funds initiative launched last year with a primary focus on seed-stage capital deployment through the R300m High Impact Seed Fund of Funds, developed in collaboration with the SA SME Fund and the Department of Science and Innovation, through the Technology Innovation Agency (TIA).

In 2025, the mandate evolved meaningfully. What began as a seed-focused vehicle became a diversified, multi-stage portfolio-construction mandate. It deliberately expanded to include exposure across sectors, growth-stage opportunities, and private equity. This shift brought in high-performing, established funds that can support capital recycling and diversify the portfolio. At the same time, the mandate retained a core commitment to supporting emerging fund managers. This includes fund managers led by black-and/or female-led fund managers, who continue to face disproportionate challenges in raising institutional capital.

The result is a mandate that balances financial sustainability with ecosystem development and transformation, using E Squared's permanent capital advantage to back both proven performers and the next generation of fund managers.

How the Fund of Funds Catalyses the Ecosystem

By investing in fund managers across different stages and sectors, the Fund of Funds mandate extends E Squared's reach beyond what direct investment alone can achieve. This allows E Squared to support a broader set of entrepreneurs, diversify exposure across the funding lifecycle, and participate in opportunities that sit outside its direct investment channels.

The mandate also supports ecosystem development by backing both established and emerging fund managers, including black- and female-led fund managers who continue to face barriers in raising institutional capital. Through these partnerships, E Squared helps crowd in additional capital, strengthen fund manager capability and increase the flow of funding to diverse founders and high-potential businesses across South Africa.

Current Portfolio

3 Capital Ventures (3CV)

3CV invests in early-stage, high-growth startups by providing capital, strategic guidance and networks to help founders scale. By providing funding, strategic guidance, and networks to help founders scale their businesses and create long-term value.

E Squared's investment into **3 Capital Ventures** provides exposure to a portfolio of **20 high-growth technology businesses,** including Sendmarc, Peach Payments, Rather.chat, Onafriq, Synatic, Alignd, Pargo, Mobiz, Scans.ai, among others.

SA SME High Impact Seed Fund of Funds (HISFOF)

The collaborative initiative with the SA SME Fund and TIA continues to deploy capital into technology-driven startups through experienced fund managers. Current underlying investments include OneBio, a biotech fund, and the University Technology Fund (Seed Fund I), which partners with universities to commercialise their intellectual property.

Secha Capital

E Squared's investment in Secha Capital provides exposure to a differentiated **"Execution Capital"** model that combines funding with embedded operational talent. Through its Operator-Investor approach, Secha works alongside founders to drive execution, scale, and performance. The fund focuses on high-impact sectors such as agriculture, manufacturing, energy, and consumer goods, contributing to job creation and real economic growth.

Governance and Transformation

The Fund of Funds operates within a robust governance framework. E Squared representatives sit on the advisory board of the SA SME HISFOF and contribute to oversight across the portfolio. The mandate maintains a clear transformation imperative: at least **40% of supported companies must have a minimum of 50% black ownership.** The portfolio also prioritises first-time and black-managed fund managers.

E Squared's permanent capital model, less constrained by fixed fund horizons than traditional closed-end funds, allows the Fund of Funds to prioritise long-term value creation over short-term performance. This is a significant structural advantage in a market where most capital is constrained by fund lifecycle pressures.

Focus in 2026 and Beyond

The Fund of Funds mandate enters 2026 with a strong, diversified foundation. The strategic priority for the year ahead is continued portfolio construction: identifying and onboarding fund manager partnerships that complement the existing portfolio across stage, sector, and transformation profile, while maintaining the commercial discipline required for capital recycling and long-term sustainability.

Portfolio Overview

Portfolio: **3 Capital Ventures + SA SME Fund High Impact Seed Fund-of-Funds+ Secha Capital**

Portfolio Vintage Year	*Total Invested in 2025*	*Total Invested since inception*	*Number of underlying investee companies reached*
2024	**R78m**	**R210m**	**33**

"Lasting impact is not created by capital alone. It is built through the partnerships, networks and conditions that help responsible entrepreneurs endure, scale and create opportunity over time." – **Tshilidzi Matlala**

Looking Ahead: Scaling Impact, Building Enduring Businesses

This report has set out a year of consolidation and momentum. It also points to the more important question: **what comes next.**

Scaling impact and building businesses that endure is the work of years, not of any single reporting period. The distance between where E Squared stands today and the ambition it is building towards — an economically inclusive South Africa, created by responsible entrepreneurs, with meaningful opportunity for everyone — is significant. Closing that distance is the work ahead.

Scaling with intention

As E Squared moves towards 2030, scale is a means rather than an end. The measure of progress is not only how much capital is deployed or how many ventures are funded, but the depth and durability of the impact that follows and how many of the businesses backed go on to endure. This is the discipline that a permanent capital base both allows and demands: the freedom to take a long-term view, and the responsibility to use it well.

The strategy that guides this next phase rests on four commitments: to configure the organisation for scale; consolidate the capabilities and programmes that are working; catalyse new pathways for entrepreneurs; and collaborate in ways that extend impact beyond E Squared alone. Each carries its own work; together they set the direction for the years to 2030.

Strengthening the foundations to scale

Ambition of this kind must be built on sound foundations. In the period ahead, E Squared will continue to strengthen the operating model, systems and data capability that allow capital and support to move with discipline across every programme. Sharper measurement; anchored in impact that can be evidenced rather than assumed; will remain central to how performance is understood and capital is allocated.

Equal attention will go to the organisation itself: deepening a high-performance, values-led culture and developing the leadership and capability on which long-term delivery depends. The Pathways programme, the entry point to so much of this work, will be further refined into a more modular, milestone-driven pipeline that moves ventures towards growth-stage investment with greater pace and consistency.

Widening the pathways for capital and partnership

Building enduring businesses is not work that any single investor, institution or programme can do alone. E Squared will continue to refine its investment approach — moving from institutional independence towards deeper ecosystem partnership — by extending the reach of its Fund of Funds mandate to back both established and emerging fund managers, with a particular commitment to black- and female-led funds.

Across the portfolio, the priority is to strengthen what surrounds the entrepreneur: post-investment value creation, access to markets and follow-on capital, sound governance, and the networks that reduce isolation. The intent is to establish the conditions in which responsible entrepreneurs can build with resilience, and to widen the pathways through which capital, capability and opportunity can reach them.

Building what endures

This ambition is anchored in the wider purpose E Squared serves as a strategic partner to Allan & Gill Gray Philanthropies, and in the Group's goal of meaningfully improving ten million lives through responsibly led ventures. Set against where the organisation stands today, it is a demanding goal, and a deliberate one. It asks for patience, discipline and a measure of impact that the organisation is prepared to hold itself to over time.

Progress of this kind is measured less by individual transactions than by what holds once the funding is in place: businesses that keep trading and employing through difficult cycles, founders who grow into the demands of scale, and the relationships and conditions around them that make those outcomes more likely.

That is the standard E Squared is building towards: not only the capital deployed in any one year, but the strength of what continues to grow long after that capital has been invested.

2025 Active Portfolio

Startup Founder Pitch (SFP)

Free Notes
House of Rielle
I Know You Know
IndoorNav
African Saga

Pathways

1982 Breweries
Amnovatech
BrandPay
Cape Codes
Cardware
City Birds
Denshe Beauty
Docotela
Eagle Eye Defence
Fintr
Four-One-Wine / Pale
Haelix Lab
Gardo Gear
Genius Up
Glo's Cookies
Greenovations
Instant Eats
Isiqalo Farming
Jenni&Co
Kasi Money
Khon Structure
Mabu Tribe
MedicoTech
Milani Sikhule / Fleet Fund
Muna
Mzansi Business Solutions
Nepstart
Sanrae / Kepele Global
Seller's Plug
Sizanani Tech
Sum1 Investments
Suta National Logistics
TAQA
The Bowling Club
The Dealr
The Pocket Couch / Amari
Health
Umbane Energy
Visionary Writings
Winnow Productions
Wyer
Zarafa Pictures

E Squared Ventures (E^2V)

Alignd
Altera Biosciences
Bobo Campers
Digital Africa Ventures
Excel@Uni
JNTLE Group
Khula!
Media Measure
Mustard Finance (Setana Capital)
Nafasi Water
Oh My Cake!
Pele Energy Group
The Future of Logistics (TFLco)
Zaio Technologies

E Squared Co-Investment (E^2C)

Impulse Biomed
My Next Car
The Awareness Company

E Squared Social Enterprises

Afrika Tikkun
Allan Gray Makers
Aspire Youth
Cooktastic
eNke: Make Your mark
Kusini Water
Memeza
Property Point
ReCha Programme (RLabs)
Regenize
Rhiza Babuyile
SACII
SocioNext
Stokvel Academy
Word of Mouth
Zlto

Fund of Funds

3 Capital Ventures
SA SME HISFOF
Secha Capital

Glossary

3 Capital Ventures (3CV)	A fund manager backed through E Squared's Fund of Funds mandate. 3CV invests in early-stage, post-revenue B2B technology businesses in South Africa and provides capital, strategic support and networks to help founders scale.
AGGP (Allan & Gill Gray Philanthropies)	A philanthropic network and E Squared's strategic partner, whose long-term mission is to combat poverty and promote social upliftment through responsible entrepreneurship across Africa.
AG Fellows / Allan Gray Fellows	Entrepreneurs supported through the Allan Gray Orbis Foundation and its affiliated initiatives, who form the primary cohort for E Squared's core investment vehicles.
B-BBEE (Broad-Based Black Economic Empowerment)	South African legislative framework for advancing economic transformation. E Squared is required to meet a minimum disbursement threshold of 85% to black beneficiaries annually.
BHAGs (Big Hairy Audacious Goals)	Long-term, ambitious targets guiding E Squared's 2030 strategy. Current milestones tracked include Milestone 3 (venture revenue >R2m) and Milestone 4 (revenue >R400m or market value >R2bn).
Catalytic Capital	Capital deployed to unlock further funding, de-risk early-stage ventures, or enable infrastructure or ecosystem development that would not otherwise be supported by conventional investors.
Catalytic Infrastructure	Physical spaces - offices, training centres, production facilities - invested in to strengthen social enterprise operations, credibility and long-term sustainability.
Co-Investment (E^2C)	E Squared's investment vehicle supporting post-seed, high-growth ventures not founded by AG Fellows. Focused on businesses with at least 51% black ownership, investing alongside credible lead investors at Series A+.
Configure, Consolidate, Catalyse, Collaborate	The four strategic pillars guiding E Squared's 2030 vision and operational roadmap for scaling responsibly and sustainably.
Disbursements	The total capital deployed to ventures across grants, equity or other financial instruments.
Ecosystem Interdependence	E Squared's shift from standalone investment toward interconnected partnerships with incubators, accelerators, government agencies and peer funders - recognising that no single entity can shift Africa's entrepreneurship trajectory alone.
E Squared Ventures (E^2V)	E Squared's primary seed-to-growth-stage investment vehicle for AG Fellow-founded businesses. Stage- and sector-agnostic.
Fair Market Value (FMV)	The estimated current value of E Squared's investment portfolio, used to measure financial performance over time.
Fellowship Founder Pitch (FFP)	A grant mechanism providing early funding to Candidate Fellows who are developing venture ideas.
Fund of Funds (FoF)	E Squared's vehicle for investing in transformed, experienced fund managers who in turn deploy capital into ventures - extending E Squared's reach and catalytic impact across the broader ecosystem.
Impact Measurement Framework (IMF)	E Squared's system for assessing and tracking the financial, venture-level and programme-specific impact of its investments, extended into a Results Framework that maps data collection against baselines and targets.
Impact Thesis	E Squared's foundational belief that ventures led by responsible African entrepreneurs meaningfully improve society by creating economic and social value - and that this outcome can be deliberately designed and measured.
Jasiri Growth Accelerator	A programme providing post-Pathways and pre-Series A support for ventures with high growth potential, particularly from East Africa.
Mission-Aligned Partners	Organisations, investors or collaborators who share E Squared's vision of responsible entrepreneurship and inclusive economic transformation.
MOIC (Multiple on Invested Capital)	A return metric showing the ratio of current portfolio value to original capital invested. A 1.42x MOIC indicates a 42% return on capital invested.
NEET Youth	Young people who are Not in Education, Employment or Training - a key target beneficiary group for several organisations in E Squared's Social Entrepreneurship portfolio.
Partner Organisation Dashboard (POD)	An internal performance tracking tool used by E Squared's Social Entrepreneurship team to monitor the progress and value creation of portfolio organisations.
Patient Capital	Long-term, entrepreneur-friendly investment that is not constrained by fixed fund horizons or pressure for early exits. A defining feature of E Squared's investment model.

Pathways Programme	E Squared's pre-seed accelerator, supporting AG Fellow-founded ventures from ideation through to investment readiness for E²V. Structured across four phases (1A, 1B, 2 and 3).
PIVC (Post-Investment Value Creation)	E Squared's dedicated internal function providing strategic, non-financial support to all portfolio ventures after investment - including mentorship, governance guidance, network access and performance tracking.
Post-Seed / Series A+	A venture stage beyond early validation, where a business has traction, customers and is actively scaling operations. The primary target stage for E²C investments.
PRI (Programme-Related Investment)	A funding approach combining philanthropic goals with investment principles, used in E Squared's Social Entrepreneurship portfolio.
RAG Classification	A traffic-light performance rating system (Red, Amber, Green) used internally to categorise portfolio ventures by traction and areas of concern.
Responsible Entrepreneurship	The ethos at the heart of E Squared's mission: businesses that create financial value while contributing positively to social equity, economic transformation and environmental sustainability.
Seed Fund of Funds	A collaborative initiative with the SA SME Fund and TIA, investing in transformed fund managers who deploy capital into early-stage technology-driven startups. Part of E Squared's broader Fund of Funds mandate.
Social Entrepreneurship Portfolio	E Squared's portfolio of mission-driven ventures and non-profits addressing systemic challenges including unemployment, educational inequality, youth development and environmental sustainability.
Startup Founder Pitch (SFP)	An E Squared initiative supporting AG Fellow founders who are starting ventures alongside other full-time commitments. Serves as a feeder into the Pathways programme.
Survival Rate	The proportion of E Squared's investments that remain active. The current E²V survival rate of 54% reflects 14 active investments from 26 made since inception - a measure of both portfolio health and investment rigour.
Theory of Transformation (AGGP)	A stepwise framework guiding how AGGP and E Squared drive systemic change through entrepreneurship - from talent identification through venture launch, build and growth, to ecosystem development.

Transformation Metrics	Criteria used to ensure diversity and inclusivity in ownership, leadership and workforce across E Squared's portfolio - including black and female founder involvement and B-BBEE compliance.
Treasury Portfolio	E Squared's evolving Fund of Funds mandate, designed to build a diversified, multi-stage investment portfolio that generates commercial returns to ensure the organisation's long-term financial sustainability alongside its impact objectives.
Venture Lifecycle	The full journey of a business from concept and pre-revenue (pre-seed) through to growth and expansion (Series A+ and beyond), supported by different E Squared vehicles at each stage.
Venture Philanthropy (VP)	A hybrid investment approach combining capital deployment with deep social impact goals. Provides financial investment alongside capacity building and ecosystem support to social enterprises.


26
BASA
SAMSUNG
26
BASA
STRATEGIC PARTNER AWARD
E SQUARED

NOTES

NOTES

esquared

"The future E Squared is building depends not only on the businesses it backs, but on the ecosystem it strengthens, the partnerships it sustains, and the responsible entrepreneurs who continue to turn possibility into lasting impact." – Gladwyn Leeuw

esquared

011 463 8475
info@esquared.org.za
www.esquared.org.za

6th Floor, 90 Grayston Drive
Sandown, Sandton, 2196

LinkedIn: e-squared-investments
Instagram: esquaredinvestments
YouTube: ESquaredInvestments
Facebook: ESquaredInvestments