Consolidated Annual Financial Statements

for the 12 months ended 31 December 2021

Finclusion

Finclusion Africa Holdings Limited and its subsidiaries
(Registration number 168807 GBC)

General Information

Country of incorporation and domicile	Mauritius
Nature of business and principal activities	Private holding company that operates and holds investments in Sub-Saharan Africa. Finclusion is a financial services group with a tech-based offering that includes financial wellness, embedded credit, insurance, and AI-driven credit modeling solutions.
Directors	**Executive** Tamuka Mpofu Timothy Nuy **Non-executive** Uveesheksingh Purmah Preetam Prayag Manuel Koser Matsi Modise (Chair) Artem Gurevich Lutz Seebacher
Registered office	c/o Imara Trust Company (Mauritius) Limited, Level 2, Alexander House, Silicon Avenue, Ebene Cybercity 72201 Mauritius
Business address	c/o Imara Trust Company (Mauritius) Limited, Level 2, Alexander House, Silicon Avenue, Ebene Cybercity 72201 Mauritius
Auditor	Mazars 4th Floor, Unicorn Centre 18N, Frere Felix de Valois St, Port Louis Mauritius
Bankers	AfrAsia Bank Limited
Company registration number	168807 GBC
Level of assurance	These financial statements have been audited in compliance with International Standards on Auditing.
Preparer	The annual financial statements were internally compiled by: Finclusion Africa Holdings Limited
Approved	29 April 2022
Website	www.finclusiongroup.com

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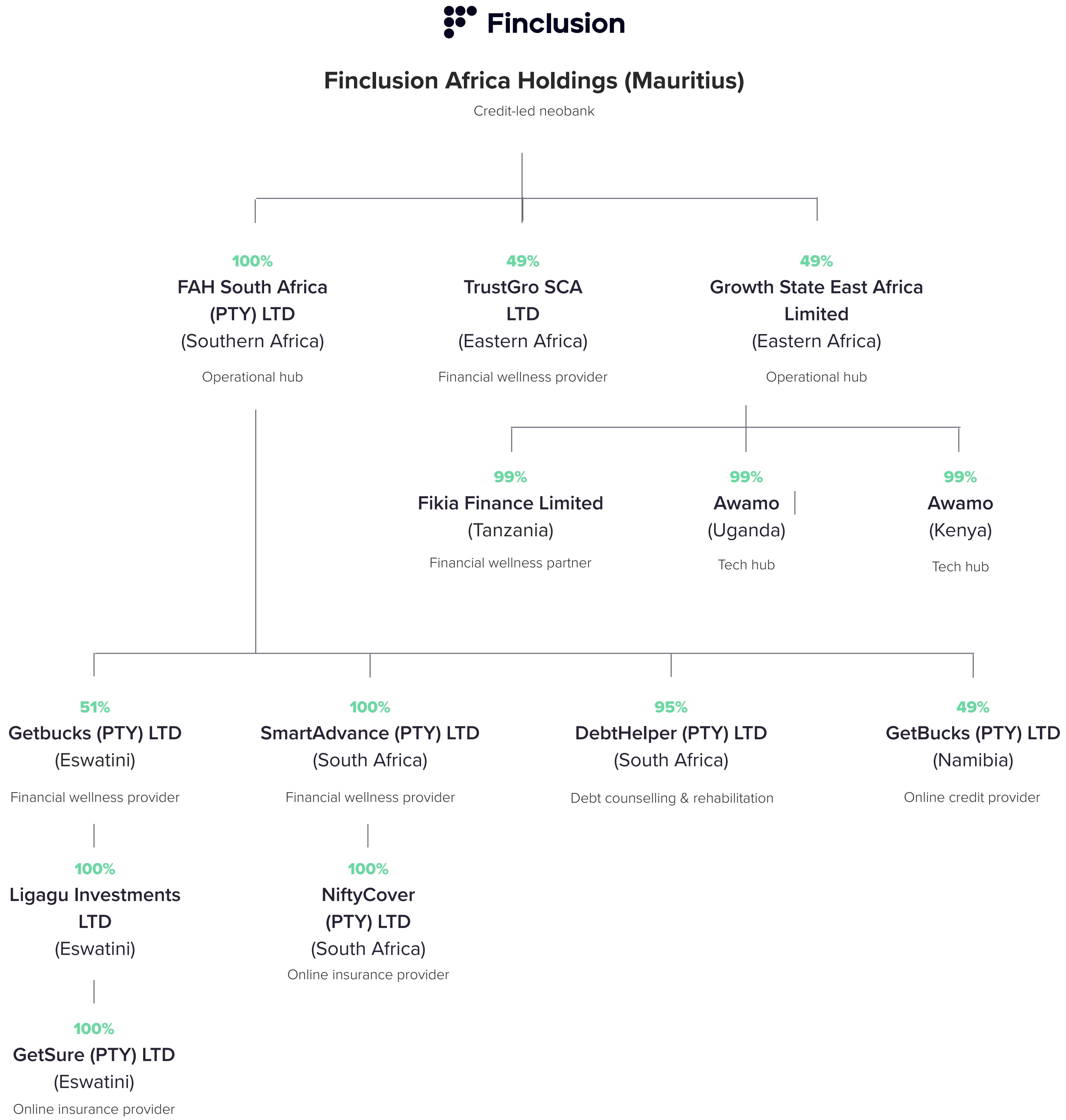
The reports and statements set out below comprise the consolidated and separate financial statements presented to the shareholders.

Group structure



Our people

Eastern Africa

NUMBER OF EMPLOYEES

95 54 41

Southern Africa

NUMBER OF EMPLOYEES

131 60 71

As of April 2022

- A high-performance and value-driven culture
- A dedicated focus on diversity and inclusion
- Deepening digital skills and ways of 'agile' working
- Opportunities for growth, development, and mobility across the Group
- Significant investment into up-skilling our staff through education and higher-learning initiatives.

Finclusion

Why we do what we do

Our Mission
What we are doing every day.

We enhance the quality of life of our customers through simple, convenient, and appropriate financial services.

Our Vision
What we will achieve in time as we continue to do what we do every day.

We are creating an ecosystem where people and organisations can access financial solutions that help them meet their objectives.

Our Values
The lens through which we are doing what we do everyday.

People

The building blocks of families, communities, and nations are people. We seek to connect with our stakeholders as people and create an environment where we share what motivates us to create lasting bonds.

Innovation

We are never satisfied with the status quo and relentlessly seek to improve. Innovation is a natural output when we understand people's motivations individually and work together as teams towards a shared vision.

Teamwork

When pursuing our mission and vision, our methodology is founded on collaboration and working as a team to solve the problems we all face.

Integrity

We believe in being authentic.
We believe in standing for what is right.
What we say is what we do.

Social impact

The Finclusion Group is committed to enhancing our positive social impact on Africa and our customers and clients therein.

To effectively measure our social impact and remain on track with our goals, we have completed our MF Rating. MFR social rating provides an expert opinion on the social performance management of a financial service provider and its ability to put its mission into practice whilst achieving social goals.

This year, our MFR social rating sBB-. This rating is for adequate social performance management and client protection systems and satisfactory alignment to the social mission.

Financial education

Provide the tools and platforms to educate clients on financial basics, enabling them to make better financial solutions for the future.

Empowering small businesses

Providing a digital platform for small businesses to display products, enabling exposure to a larger market and safe payment solutions. Product delivery is fulfilled by a partnership with Drivers Club which works with personal transport and taxi services nationally.

Educational Loans

Offering educational loans at a lower interest rate to those that wish to further their education.

Credit rehabilitation

Provide a platform and service to clients that have found themselves in financial difficulty, preventing over-indebtedness and backlisting, whilst assisting with removal of judgements through tailored financial products.

SOCIAL IMPACT CONTINUED

This is the Kimani family

Mr Kimani runs a restaurant in Thika town (Central, Kenya) together with his wife. Unfortunately, the hospitality industry was one of the worst affected industries by the Covid-19 pandemic, especially during the period which the Government imposed measures to contain the spread of the virus.

Mr Kimani's restaurant was one of the businesses that temporarily closed in 2020. When the containment measures were lifted in October 2021, Mr Kimani did not have enough working capital to re-open. Having heard a TrustGro Ad on a local radio station, Mr Kimani visited the TrustGro branch in Thika and applied for a loan using his personal car as collateral.

With the loan, Mr & Mrs Kimani were able to re-open their restaurant to the public.

"TrustGro came through for me at a very difficult time not only for me but also for my employees who had to make do with only 50% of their salaries for 7 months. My application was approved, and money disbursed to my bank account within 48 hours!"

Having heard a TrustGro Ad on a local radio station, Mr Kimani visited the TrustGro branch in Thika and applied for a loan using his personal car as collateral.

With the loan, Mr & Mrs Kimani were able to re-open their restaurant to the public.

- Kimani family

This is Amanda

Amanda has four children. One day in 2021, her two-year-old daughter needed urgent medical treatment. As is the case for most Africans, health insurance is not available to Amanda and her family. Without insurance, her daughter's treatment was unaffordable.

With the help of Finclusion Group she was able to access the funds needed to pay for her daughter's treatment, enabling her and her family to return to a normal life.

Directors' responsibilities report

The directors are required in terms of the Mauritius Companies Act 2001, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the financial position of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error, fraud, or loss, in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing, and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year ended 31 December 2021 and considering this review together with the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 8 to 10.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The consolidated annual financial statements set out on pages 19 to 93, which have been prepared on the going concern basis, were approved by the board of directors on 29 April 2022 and were signed on its behalf by:

Mmodise...

MATSI MODISE
Group Chair

PREETAM PRAYAG
Non-Executive Director

Directors' report

The directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2021.

Incorporation

Finclusion African Holdings Limited ("FAHL", "Finclusion" or "the group") was incorporated on the 8th of November 2019 as a Private Company, limited by shares in the Republic of Mauritius. Company registration number 168807/GBC.

FAHL has been licenced as a Global Business Corporation under the Financial Services Act 2007 (License No. GB19024928) by the Financial Services Commission.

Nature of the business

Finclusion African Holdings Limited is an entity incorporated in Mauritius with multi-jurisdictional operations in the financial services industry. Its primary footprint is in East Africa (Kenya and Tanzania) and the Common Monetary Area (South Africa, Eswatini and Namibia). Finclusion's service offering is focused on financial wellness, direct lending, and insurance services offered through a bouquet of brands including the TrustGro, GetBucks, smartadvance and niftycover, respectively.

The group aims to enhance financial inclusion in African markets through its investments in growing high potential fintech businesses.

Finclusion follows a robust approach towards risk modelling underpinned by a fully autonomous AI (Artificial Intelligence) credit scoring model. The Group's custom developed systems thus allow for an effective and accurate assessment of each customer's risk profile by understanding and managing each customer at an individual level. The models developed leverage both traditional and alternative data sources to manage a borrower's credit risk ultimately allowing each customer to access appropriate financial services easily and conveniently. This allows the group to achieve its objective of sustainably enhancing financial inclusion in its operating markets.

Finclusion's financial wellness offering is centred around provision of credit rehabilitation to assist clients with over-indebtedness, backlisting and judgements through tailored financial products. This is coupled with financial tools provided to educate clients on financial literacy thus enabling them to make better financial decisions for their future.

Strategic overview

The Group used 2021 to reposition its product offering in the market and strengthen its asset quality. This included terminating the traditional pay-day loan and the development of a wage streaming solution which will reduce the overall cost of credit to clients. Deduction at source lending remains a staple for the group, which portfolio was leveraged into growth in other markets.

Further, the maximum loan amounts in the direct-to-consumer channels were increased within the existing risk framework enabling the business to grow its presence into the higher income segments of the market.

The group remains confident in the quality of its loan portfolio as evidenced by aggregate collection rates that remained in the high 80% for most of the year (YTD: 89%) when compared to the prevailing deteriorating collection rates in its represented markets (collection rates are measured as the received repayments as a percentage of the expected repayments). This coupled with a deduction at source collection model, early adoption of Debi Check (debit order payment system) and other online collection systems resulted in consistently improved collection performance with Non-Performing Loan (NPL) ratio closing the year at 7.5%.

Covid-19 Response

In response to the effects of the pandemic, the group implemented the following steps for its customers,

i. Voice and automated contracting: enabling contactless onboarding.
ii. Adapted lending criteria: to allow for the changing consumer behaviour during lockdown.
iii. Introducing a broad range of non-physical payment channels.
iv. Implementation of new mobile applications for Online as well as Payroll loan portfolio.

The group leveraged its online lending infrastructure fully as staff were successfully transitioned to remote (work from home) conditions a week prior to the official lockdown and have remained at home over the period with a skeletal staff presence on-premises. During this time, there has not been any observed deterioration in service levels or customer experience.

DIRECTORS REPORT CONTINUED

Staff were also provided with an independent and confidential support service to aid with the transition to the remote working environment with the goal of minimising their exposure risk.

Technology

The group continues to leverage its proprietary technology base to provide sustainable financial solutions to clients. The year saw continued development of existing systems with emphasis on parameter driven maintenance allowing "on-the-fly" changes to key rules and validations. This strengthened the AI driven credit scoring and affordability assessment models, fraud detection, and AI computing back-ends resulting in them being increasingly scalable, faster, and more attuned to varying customer risk profiles.

Further to its proprietary technology (including the loan management system) the group sought to build synergies with existing technology ecosystems in several markets through API's and integrations allowing it to penetrate new markets faster and leverage alternative data sources.

Subsidiary name change

Get Bucks (Pty) Ltd South Africa changed its name to SmartAdvance (Pty) Ltd during the year under review. In addition, the company launched an additional brand, nifty, primarily for the online market. This enables the differentiation of marketing strategies between the employer payroll proposition and the direct-to-consumer proposition.There were no changes in authorised or issued share capital during the year under review for the group and the company.

Our people

Finclusion Africa Holdings Limited has successfully retained key staff throughout the pandemic and aims to maintain a workforce delivering the highest standards of service delivery across all its markets. We differentiate ourselves through our people.

We are committed to assisting employees achieve their professional and personal objectives and we encourage our employees to broaden their skill set and gain work experience in other organisational roles. In addition, we provide company-subsidised training opportunities to help employees develop or refine their skills, thereby increasing productivity and innovation in the workplace.

Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Mauritius. The accounting policies have been applied consistently compared to the prior year apart from adoption of new accounting standards where appropriate.

Share capital

The issued share capital of the group as at 31 December 2021 constituted of 10,000 ordinary shares of USD1.00.

Board Composition

The composition of the board changed as follows during the year to date:

Name	Date appointed	Date resigned
Executive		
Timothy Nuy	16 June 2021	
Tamuka Mpofu	1 August 2021	
Non-Executive		
Preetam Prayag	16 June 2021	
Chaksala Ramchurn	16 June 2021	18 February 2022
Uveesheksingh Purmah	18 February 2022	
Matsi Modise	31 December 2021	
Manuel Koser	31 December 2021	
Artem Gurevich	31 December 2021	
Lutz Seebacher	31 December 2021	

Risk management

The board is responsible for approving and reviewing groupwide risk management strategy and policy.

Internal control

Internal control is a process applied by the board of directors, management, and all levels of personnel in the group to ensure that management has reasonable assurance that:

- Operations are effective, efficient, and aligned with strategy.
- Management information reports are valid, accurate and complete.
- The group follows applicable laws and regulation.
- If an instance of non-compliance is identified, remedial action is taken to rectify the matter.

DIRECTORS REPORT CONTINUED

Internal controls over financial reporting

The financial management team is responsible for the daily financial operations of the group as well as the internal and external reporting to the board and respective stakeholders. The tasks of the group´s financial management team consist of, inter alia, monthly consolidation of group entities, and annual consolidated financial statements, management of liabilities, protection against exchange risk, and transfer pricing. The finance function of the group implements operative supervision under the Chief Financial Officer who reports to the Board.

Financial reporting systems

The consolidated financial statements are prepared by consolidating the accounting information as reported by the various subsidiaries. Accounting at subsidiary level is done by local teams and further enabled by a single accounting system. Annual budgets and forecasts are prepared by each subsidiary and consolidated to present the group budget.

Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group. Directors have the same terms of employment as normal employees.

External auditors

Mazars was appointed as the external auditors for the company and its subsidiaries for the year ended 31 December 2021.

Events after the reporting period

Refer to note 41 in the consolidated annual financial statements for the subsequent events.

Going concern

The annual financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. In performing the going concern assessment, the board has considered historical data relating to resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions and the responses to such events and conditions that would be available to the board.

The board has, inter alia, considered the following specific factors in determining whether the group and company (FAHL standalone) is a going concern:

- whether the group and company have sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months; and
- whether the group and company has available cash resources to deploy in developing and growing existing operations or investing in new opportunities.

The board and management are not aware of any significant pending litigation that will threaten the going concern status of the group and company.

The going concern assessment is, however, a matter of judgment. In making this judgment, the board has considered the uncertainties arising from their assessment, both individually and collectively. The board believes the current economic outlook under COVID-19 presents near-term challenges, evidenced by increased unemployment, the temporary reduction in employee wages, and subdued economic growth within the global economy. The group has responded and will continue to respond by leveraging its online platforms and infrastructure during the pandemic. Management implemented a successful "work from home" policy enabled by the company's fintech platform allowing all business functions to operate effectively remotely. Management is working closely with payroll clients to ensure their needs are met during these trying times, whilst ensuring collectability.

To reduce irresponsible borrowing during the COVID-19 pandemic and over indebting consumers, criteria to apply for a personal loan was tightened to deal with the shift in data points available and to make effective credit decisions, including introducing psychometric scores. This has reduced the quantity of applications but has, however, maintained the quality of clients that are able to uphold their credit agreements monthly.

The board therefore remains confident in the company's ability to remain a going concern and will continue to support management in their efforts to build a sustainable business.

DIRECTORS' REPORT CONTINUED

Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of Mauritius.

Date of Authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 29 April 2022. No authority was given to anyone to amend the financial statements after the date of issue.

MATSI MODISE
Group Chair

For and on behalf of the Board of Directors
29 April 2022


Financial inclusion accelerates
economic development.

Certificate by the Company Secretary

IMARA
Fiduciary & Administration

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001 (the "Act")

We certify to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required by Finclusion Africa Holdings Limited, under the act for the year ended 31 December 2021

S. Baggradh

For Imara Trust Company (Mauritius) Limited

Company Secretary

Registered Office:

Level 2, Alexander House, Silicon Avenue,

Ebene, Cybercity 72201

Republic of Mauritius

29th April 2022

Exceptional in our abilities. Sophisticated in our service!

Imara Trust Company (Mauritius) Limited
Level 2, Alexander House, Silicon Avenue
Ebene Cybercity, 72201, Mauritius

Telephone +230 466 9171
Facsimile +230 466 0132

Business Reg. No. C08080589
Website www.imara.mu

Licensed and regulated by the Financial Services Commission of Mauritius

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Port Louis
Mauritius

Tel: +230 208 7777
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

FINCLUSION AFRICA HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **FINCLUSION AFRICA HOLDINGS LIMITED** (the "Company") and its subsidiaries (together referred to as the "Group") on pages 19 to 93 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 19 to 93 give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the Companies Act 2001 and the Insurance Act 2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of COVID-19 on the consolidated financial statements

In forming our opinion on the consolidated financial statements which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as set out in the directors' report, the application of the going concern basis of preparation of the financial statements and the continuing subsequent events in Note 41 to the financial statements.

Since the balance sheet date, the Group has continued to assess the impact of COVID-19 on the financial statements and the potential impact on the business. The notes referred to elaborate on the directors' assessment of the expected impact of COVID-19 on the business and their conclusion that adopting the going concern basis of preparation is appropriate and that COVID-19 is considered a continuing subsequent event at year-end.

Other information

The directors are responsible for the other information. The other information comprises the Commentary of The Directors, the Corporate Governance report and the Secretary's Certificate as required by the Companies Act 2001 which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

FINCLUSION AFRICA HOLDINGS LIMITED

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Representatives and Those Charged with Governance for the Financial Statements (continued)

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as the requirement of the Companies Act and Insurance Act 2005, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the representatives are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the representatives either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

FINCLUSION AFRICA HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) we have no relationship with, or interests in, the Group and the Company other than in our capacity as auditors;

b) we have obtained all the information and explanations we have required; and

c) in our opinion, proper accounting records have been kept by the Group and the Company as far as appears from our examination of those records.

Other matter

This report, including the opinion has been prepared for and only for the Group's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mazars

Mazars

Udaysingh Taukoordass, FCA
Licensed by FRC

Date: 29 Apr 2022


Encouraging responsible, safe, and affordable financial decision-making through AI-driven models.

Consolidated statement of financial position

		Group		Company	
Figures in USD		**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Assets					
Cash and cash equivalents	6	6 159 350	2 138 271	2 349 531	332 036
Other receivables	7	2 283 704	1 229 913	641 945	179 961
Loans and advances to customers	9	16 718 137	13 699 049	-	-
Investment in insurance contracts	11	132 363	172 897	-	-
Loans to group companies and related parties	10	2 846 843	1 181 339	12 950 132	3 130 667
Other financial assets	8	502 814	442 147	499 796	-
Current tax receivable	23	182 483	22 902	-	-
Investment in associates	16	134 886	146 538	-	-
Property and equipment	12	327 941	208 968	-	-
Right of use Asset	20	378 464	345 221	-	-
Intangible assets	13	277 304	459 065	-	-
Investments in subsidiaries	14	-	-	8 798 947	7 346 971
Deferred tax	17	936 389	1 188 510	-	-
Goodwill	18	726 900	826 413	-	-
Total assets		**31 607 578**	**22 061 233**	**25 240 351**	**10 989 635**
Liabilities					
Bank overdraft	6	15 507	30 992	-	-
Trade and other payables	19	942 081	2 274 540	250 084	28 773
Liability in Insurance contract	11	25 717	17 399	-	-
Lease liabilities	20	426 209	391 103	-	-
Loans from group companies and related parties	10	2 157 035	633 406	1 408 874	453 375
Borrowings	21	15 525 863	6 411 710	13 067 129	551 067
Current tax payable	23	72 206	93 234	11 996	-
Total liabilities		**19 164 618**	**9 852 384**	**14 738 083**	**1 033 215**
Equity attributable to equity holders of parent					
Share capital	22	10 307 997	10 307 997	10 307 997	10 307 997
Reserves	22	1 034 315	1 869 700	-	-
Retained income		(2 761 328)	(1 711 407)	194 271	(351 577)
Total equity attributable to parent		8 580 984	10 466 290	-	-
Total equity attributable to non-controlling interest		3 861 976	1 742 558	-	
Total equity		**12 442 960**	**12 208 848**	**10 502 268**	**9 956 420**
Total equity and liabilities		**31 607 578**	**22 061 233**	**25 240 351**	**10 989 635**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on page 24 to 93 of the financial statements.

The annual financial statements were approved by the board of directors on 29 April 2022 and were signed on its behalf by:

TIMOTHY NUY
Group CEO

TAMUKA MPOFU
Group CFO

29 April 2022

Consolidated statement of profit or loss and other comprehensive income

		Group		Company	
Figures in USD	**Note**	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Interest revenue calculated using the effective interest method	24	5 094 084	7 272 255	-	-
Other interest and similar income	24	905 768	230 989	990 363	288 910
Interest expense calculated using the effective interest method	24	(2 211 187)	(1 282 556)	(853 332)	(340 924)
Net interest income		**3 788 665**	**6 220 688**	**137 031**	**(52 014)**
Fee and commission income	25	3 767 052	3 031 213	-	-
Fee and commission expense	25	(894 364)	(796 066)	(155 334)	(1 839)
Net fee and commission income		**2 872 688**	**2 235 147**	**(155 334)**	**(1 839)**
Net trading income		**6 661 353**	**8 455 835**	**(18 303)**	**(53 853)**
Profit from Associate	15	-	11 514	-	-
Other Income	28	815 978	434 199	1 131 917	125 132
Impairment losses on loans and advances to customers	26	(263 231)	(1 710 364)	-	-
Impairment losses on other financial assets	27	-	(32 587)	-	-
Net operating income		**7 214 100**	**7 158 597**	**1 113 614**	**71 279**
Personnel expenses	30	(2 586 304)	(3 209 802)	-	(33 250)
Consulting and professional fees	32	(720 687)	(749 695)	(80 705)	(65 596)
Depreciation and amortisation	31	(420 489)	(347 819)	-	-
Other operating expenses	29	(2 359 615)	(3 036 437)	(615 788)	(218 356)
Profit before taxation		**1 127 005**	**(185 156)**	**417 121**	**(245 923)**
Taxation	33	(727 562)	(629 358)	(11 996)	-
Profit for the year		**399 443**	**(814 514)**	**405 125**	**(245 923)**
Other comprehensive income					
Items that may not be reclassified to profit or loss:					
Foreign operations - foreign currency translation differences		(835 385)	(690 077)	-	-
Transaction with owners in their capasity as owners (Loss on sale of Investment)		(574 640)	-	-	-
Items that may not be reclassified to profit or loss NCI:					
Foreign operations - foreign currency translation differences		(61 276)	(86 398)	-	-
Other comprehensive (loss) for the year net of income taxation		**(1 471 301)**	**(776 475)**	**-**	**-**
Profit for the year attributable to:		**399 443**	**(814 514)**	**405 125**	**(245 923)**
Owners of the parent		(475 281)	(1 605 753)	405 125	(245 923)
Non-controlling interest		874 724	791 239	-	-
Total comprehensive loss attributable to:		**(1 071 857)**	**(1 590 989)**	**405 125**	**(245 923)**
Owners of the parent		(1 885 306)	(2 295 830)	405 125	(245 923)
Non-controlling interest		813 449	704 841	-	-
Total comprehensive loss for the year		**(1 071 857)**	**(1 590 989)**	**405 125**	**(245 923)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on page 24 to 93 of the financial statements.

Consolidated statement of changes in equity - Group

Figures in USD	Share capital	Change in control	Foreign Currency Translation Reserve	Total reserves	Accumulated loss	Total attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2020	**10 000**	**2 625 740**	**-**	**2 625 740**	**(105 654)**	**2 530 086**	**-**	**2 530 086**
Profit / (loss) for the year	-	-	-	-	(1 605 753)	(1 605 753)	791 239	(814 514)
Other comprehensive income	-	-	(690 077)	(690 077)	-	(690 077)	(86 398)	(776 475)
Total comprehensive income / (loss) for the year	**-**	**-**	**(690 077)**	**(690 077)**	**(1 605 753)**	**(2 295 830)**	**704 841**	**(1 590 989)**
Conversion of debt to equity	10 297 997	(65 963)	-	(65 963)	-	10 232 034	-	10 232 034
Dividends declared	-	-	-	-	-	-	(130 240)	(130 240)
Share capital subscription by non-controlling interest	-	-	-	-	-	-	1 167 957	1 167 957
	10 297 997	**(65 963)**	**-**	**(65 963)**	**-**	**10 232 034**	**1 037 717**	**11 269 751**
Balance as at 31 December 2020	**10 307 997**	**2 559 777**	**(690 077)**	**1 869 700**	**(1 711 407)**	**10 466 290**	**1 742 558**	**12 208 848**
Balance as at 1 January 2021	**10 307 997**	**2 559 777**	**(690 077)**	**1 869 700**	**(1 711 407)**	**10 466 290**	**1 742 558**	**12 208 848**
Profit / (loss) for the year	-	-	-	-	(475 281)	(475 281)	874 725	399 444
Other comprehensive income	-		(835 385)	(835 385)	(574 640)	(1 410 025)	(61 276)	(1 471 301)
Total comprehensive income / (loss) for the year	**-**	**-**	**(835 385)**	**(835 385)**	**(1 049 921)**	**(1 885 306)**	**813 449**	**(1 071 857)**
Sale of subsidiary	-		-	-	-	-	2 035 511	2 035 511
Dividends	-	-	-	-	-	-	(729 542)	(729 542)
	-	**-**	**-**	**-**	**-**	**-**	**1 305 969**	**1 305 969**
Balance as at 31 December 2021	**10 307 997**	**2 559 777**	**(1 525 462)**	**1 034 315**	**(2 761 328)**	**8 580 984**	**3 861 976**	**12 442 960**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 24 to 93 of the financial statements.

Consolidated statement of changes in equity - Company

Figures in USD	Share capital	Change in control	Foreign Currency Translation Reserve	Total reserves	Accumulated loss	Total attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2020	**10 000**	**-**	**-**	**-**	**(105 654)**	**(95 654)**	**-**	**(95 654)**
Profit / (loss) for the year	-	-	-	-	(245 923)	(245 923)	-	(245 923)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**(245 923)**	**(245 923)**	**-**	**(245 923)**
Conversion of debt to equity	10 297 997	-	-	-	-	10 297 997	-	10 297 997
	10 297 997	**-**		**-**	**-**	**10 297 997**	**-**	**10 297 997**
Balance as at 31 December 2020	**10 307 997**	**-**		**-**	**(351 577)**	**9 956 420**	**-**	**9 956 420**
Balance as at 1 January 2021	**10 307 997**	**-**	**-**	**-**	**(351 577)**	**9 956 420**	**-**	**9 956 420**
Profit / (loss) for the year	-	-	-	-	405 125	405 125	-	405 125
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**405 125**	**405 125**	**-**	**405 125**
Amalgamation of Virtual Financial Inclusion	-	-	-	-	140 723	140 723	-	140 723
	-	**-**	**-**	**-**	**140 723**	**140 723**	**-**	**140 723**
Balance as at 31 December 2021	**10 307 997**	**-**		**-**	**194 271**	**10 502 268**	**-**	**10 502 268**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 24 to 93 of the financial statements.

Consolidated statement of cash flow

		Group		Company	
	Notes	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Cash flows used in operating activities					
Cash generated from operations	34	(3 435 341)	2 870 328	163 174	(392 039)
Interest paid actual		(1 308 064)	553 632	(30)	148 261
Interest received actual		66 679	(1 223 455)	-	(16 875)
Dividends received		242 290	-	-	-
Taxation (paid)/received		(813 947)	(617 826)	(73 123)	-
Net cash used in operating activities		**(5 248 383)**	**1 582 679**	**90 021**	**(260 653)**
Cash flows used in investing activities					
Purchase of property and equipment	12	(188 529)	(309 543)	-	-
Sale of property and equipment	12	784	15 174	-	-
Purchase of intangible assets	13	(11 381)	-	-	-
Payments received to loans to related parties		675 379	-	553 896	87 424
Advances made to loans to related parties		(578 552)	-	(157 413)	(490 354)
Advances made on loans to group companies		(627 333)	-	(10 628 313)	-
Payments received on loans to group companies		-	-	605 394	-
Advances made on other financial liabilities		-	(939 819)	-	-
Payments received from other financial liabilities		-	561 003	-	-
Net cash used in investing activities		**(729 632)**	**(673 185)**	**(9 626 436)**	**(402 930)**
Cash flows used in financing activities					
Payments received from Finance Lease Obligations		177 512	250 243	-	-
Advances made on Finance Lease Obligations		(361 310)	(223 774)	-	-
Payments received from related parties		728 894	575 976	-	-
Advances made on loans from related parties		(112 776)	-	-	-
Payments received on loans from group companies		313 766	-	313 766	445 736
Advances made on loans from group companies		(68 528)	-	(68 528)	-
Advances made on other financial liabilities		(1 916 897)	(2 438 477)	(1 638 192)	-
Payments received from other financial liabilities		11 661 450	2 328 472	12 808 222	549 883
Dividends paid		(263 985)	(130 240)	-	-
Net cash used in financing activities		**10 158 126**	**362 200**	**11 415 268**	**995 619**
Net increase in cash and cash equivalents		**4 180 111**	**1 271 694**	**1 878 853**	**332 036**
Cash and cash equivalents at beginning of year		2 107 279	884 081	470 678	-
Effects of exchange rate movement		(143 547)	(48 496)	-	-
Total cash at end of the year	6	**6 143 843**	**2 107 279**	**2 349 531**	**332 036**

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes on page 24 to 93 of the financial statements.

Notes to the consolidated and separate financial statements as at 31 December 2021

1. Preparation of the consolidated financial statements

1.1. Background and purpose of the consolidated financial statements

Background

Finclusion Africa Holdings Limited (FAHL) is a private company incorporated in Mauritius. The address of its registered office and principal place of business is c/o Imara Trust Company (Mauritius) Limited, Level 2, Alexander House, Silicon Avenue, Ebene, Cybercity 72201, Mauritius. The principal activities are, operating in, and having investments in entities, operating in the credit and insurance industries.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

Basis of preparation

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis in accordance with, and in compliance with, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and effective at the time of preparing these consolidated annual financial statements and the Companies Act of Mauritius, as amended.

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in USD, which is the group and company's functional currency.

These accounting policies are consistent with the previous year.

1.2. Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

1.3. Going concern

The annual financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. In performing the going concern assessment, the board has considered historical data relating to resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions and the responses to such events and conditions that would be available to the board.

The board has, inter alia, considered the following specific factors in determining whether the group and company is a going concern:

- whether the group and company has sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months.
- whether the group and company has available cash resources to deploy in developing and growing existing operations or investing in new opportunities.

The board and management are not aware of any significant pending litigation that will threaten the going concern status of the group and company.

The going concern assessment is, however, a matter of judgment. In making this judgment, the board has considered the uncertainties arising from their assessment, both individually and collectively. The board believes the current economic outlook under the worldwide "lockdowns" presents near-term challenges, evidenced by increased unemployment, the temporary reduction in employee wages, and subdued economic growth within the global economy.

The group has for the greater part remained largely unaffected by these events; management implemented a successful "work-from-home" policy enabled by the company's fintech platform allowing all business functions to operate effectively remotely. COVID-19 has tested the robustness of the group's business model, resulting in the board implementing the necessary measures to protect employees and clients whilst bolstering reserves to take advantage of near-term opportunities as and when they arise.

The board, therefore, remains confident in the group and company's ability to remain a going concern and will continue to support the newly appointed management in their efforts to build a sustainable business.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1. Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Control exists when an investor is exposed or has rights to variable returns from its involvement with the investee and can affect these returns through its power over the investee. Where such exposure and power exist over an investee, the investee is accounted for as a subsidiary. Transactions with non-controlling interests ("NCI") that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 as FVTPL or FVOCI Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled through profit or loss.

On 19 May 2021 the group received approval for the sale of GetBucks Eswatini to FAH South Africa for consideration of R57,255,996. The consideration was settled in full via a reduction in the shareholder loan between Smartadvance (Pty) Ltd and FAH South Africa (Pty) Ltd.

Associates

Associates are all entities (including structured entities) over which the company does not have significant control. The Group uses the equity method to account for its investments in associates.

Under the equity method of accounting, an equity investment for 49% stake in GetBucks Namibia was initially recorded at cost and is subsequently adjusted to reflect the share of the net profit or loss of the associate.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be required arising from changes in the investee's other comprehensive income that have not been included in profit or loss.

2.2. Property and equipment

Property and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year. Property and equipment are initially measured at cost.

2. ACCOUNTING POLICIES (CONTINUED)
2.2 PROPERTY AND EQUIPMENT (CONTINUED)

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. All assets are depreciated over a straight-line basis over the estimated useful life. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Category	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Leasehold improvement	Lease period

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount. As at the end of the reporting period there were no indications that any assets needed to be impaired.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.3. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

2.4. Intangible assets

Intangible assets are initially recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years. Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Category	Average useful life
Computer software, other	3-5 years
Customer relationships	3-10 years

The customer relationship relates to the fair value adjustments of the purchase of a deduction at source lending Loans and advances to customers during the 2015 financial year. The group provides loans to gainfully employed individuals that are employed by employers that are vetted by the group and that have concluded an agreement with the group. In terms of these agreements, the employer deducts the loan instalments from the customer's salary and disburses these funds to the group.

2.5. Financial instruments initial measurement

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The group recognises balances due to customers when funds are transferred to the group.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value plus or minus, except in the case of financial assets and financial liabilities not recorded at Fair value through profit or loss, any transaction costs directly attributable to the issue of the financial asset or liability. Other receivables are measured at fair value.

Measurement categories of financial assets and liabilities
The group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI); or
- Fair value through Profit and Loss (FVTPL)

2.6. Financial assets and liabilities

Loans and advances to customers

The group measures Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below:

Business model assessment

The group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

- The risks that affect the performance of the business model and, in particular, the way those risks are managed;
- How managers of the business are compensated;
- The expected frequency, value and timing of sales;
- The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the group's original expectations, the group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the group applies judgement and considers relevant factors.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial assets / financial liabilities measured at amortised cost

Financial Assets / financial liabilities are measured at amortised cost. They are included in current assets / liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets / liabilities. The group's financial assets / financial liabilities measured at amortised cost comprise 'loans to / (from) group companies and related parties', 'other financial assets', 'loans and advances to customers', 'other receivables', 'cash and cash equivalents', borrowings. Loans from shareholder', 'Lease liabilities' and 'trade and other payables' in the consolidated statement of financial position. (Note 6, 7, 8, 9, 10, 20)

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

2.7. Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The group derecognises a financial asset or liability, such as a loans and advances to a customer or a debt facility, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired financial assets (POCI).

The terms of a financial asset or liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability

When assessing whether or not to derecognise a loan to a customer, amongst others, the group considers the following factors:

- Change in the method of collection from payroll deduction method;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)
2.7 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

Derecognition other than for substantial modification.

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The group has transferred the financial asset if, and only if, either:

- The group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The group cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients..

The group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the group's continuing involvement, in which case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.8. Impairment of financial assets

Overview of the expected credit loss principles

The group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as "financial instruments". Equity instruments are not subject to impairment under IFRS 9.

The Expected Credit Loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LT ECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12m ECL").

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that is possible within the 12 months after the reporting date.

The group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the group categorises its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the group recognises an allowance based on 12m ECLs. Stage 1 loans also include certain facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LT ECLs. Stage 2 loans also include certain facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The group records an allowance for the LT ECLs.

For financial assets for which the group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The group write-off policy states that a credit impaired loan with a contractual maturity of more than 1 month will be written off after 365 days of non-payment. Credit impaired loans with a contractual maturity of 1 month are written off after 180 days of non-payment.

Write offs are recognised within Credit loss expense on customer loan book on the Statement of Profit and Loss and other comprehensive income. Any recoveries on derecognised financial assets or partially derecognised financial assets is recognised within other income.

The calculation of ECLs

The group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at each loan's original EIR. A cash shortfall is the difference between the cash flows that is due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral that are integral to the loan. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the group considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure as well as the value of collateral.

For non-revolving (i.e. fixed term) loans, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the group has the legal right to call it earlier.

The mechanics of the ECL method are summarised below:

- Stage 1:

The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)
2.8 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

The group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. The forecasted EAD is adjusted for expected prepayment behaviour as well as additional charges in the event of default. The expected 12-month default probabilities are applied to this forecasted EAD, multiplied by the expected LGD and discounted using the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2:

since origination, the group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted using the original EIR.

- Stage 3:

For loans considered credit-impaired, the group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with LGD based on a recovery curve.

Forward looking information

In its ECL models, the group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross domestic product (“GDP”) growth
- Unemployment rates
- Central Bank base rates

2.9. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises amounts due from banks on demand. Cash and cash equivalents are subsequently measured at amortised cost.

For the purposes of the Statement of Cash Flow, cash and cash equivalents includes cash balances and bank overdrafts utilised.

2.10. Taxation (tax)

Current taxation

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the group operates and generates taxable income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respects to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the group’s intention to settle on a net basis.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)
2.10 DEFERRED TAX (CONTINUED)

Tax expenses

The tax expense for the period comprises current and deferred tax. The taxation charge is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.11. Leases

The group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 5 years, but may have extension options as described below

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate (10%) is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. No short term lease exemptions have been used.

Right of use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term, 3 years for buildings and 5 years for the printers, on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.12. Non-current assets held for sale or disposal groups

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

Non-current assets and disposal groups is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as such. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

On 30 June 2020 the company entered into an agreement to dispose of its 100% shareholding in GetBucks Proprietary Ltd (Eswatini) to FAH South Africa (Pty) Ltd, subject to FAH obtaining FSRA regulatory approval by 31 December 2021 the regulatory approval was still outstanding and as a result GetBucks Proprietary Ltd (Eswatini) was classified as a Held for Sale operation.

Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the of consolidated statement of profit or loss and other comprehensive income.

Sanceda investments has been classified as a discontinued as the operations as the company was deregistered during the 2020 financial year.

2.13. Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

Irrespective of whether there is any indication of impairment, the group also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually, by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests goodwill acquired in a business combination for impairment annually.

If any such indication exists, the group estimates the recoverable amount of the asset.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs of disposal and its value in use. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit or group of cash generating units to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. At the end of the reporting period there were no indication that an impairment of goodwill was required.

The company has impaired its shares in the JSE listed company Go Life Investments. The shares in the company are not regularly traded on the Johannesburg Stock Exchange (JSE) and the company has been unable to find a whiling buyer for the shares.

2.14. Share capital, equity and other reserves

Share capital

Ordinary shares are classified as equity.

2.15. Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The expected cost of compensated absences is recognised as another expense in the consolidated statement of profit or loss and other comprehensive income, as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as another expense in the consolidated statement of profit or loss and other comprehensive income, when there is a legal or constructive obligation to make such payments as a result of past performance.

2.16. Recognition of interest income and expense

The effective interest rate method

Under IFRS 9 interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs (excluding commission) and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using the effective interest method These are disclosed separately on the face of the statement of profit and loss and other comprehensive income for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the group only includes interest on those financial instruments that are set out in note 2.18 above.

The group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

2.17. Fee and commission income

The group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the group expects to be entitled in exchange for providing the services. Fee income predominantly consists of a monthly account administration fee. Revenue is recognised over time for monthly fees as the customer obtains benefits as the group performs.

When the group provides a service to its customers, such as a requested credit report, consideration is invoiced and generally due immediately upon satisfaction of the service provided at a point in time or at the end of the contract period for a service provided over time.

The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Where a fee or commission is charged in full at the inception of the transaction and is integral to the loan, the income and/or expense is deferred over the life of the product it relates to.

2.18. Translation of foreign currencies

Functional and presentational currency

The group's consolidated financial statements are presented in South African Rand, the functional currency for the Group. For each entity in the group, the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The group uses the direct method of consolidation.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the statement of profit or loss and other comprehensive income and recognised in OCI until the disposal of the net investment.

Non–monetary items that are measured at historical cost and at fair value in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Group companies

On consolidation, the assets and liabilities in foreign operations are translated into South African Rand ("ZAR") at the spot rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive income are translated at spot exchange rates prevailing at the dates of the transactions.

Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- Any costs directly attributable to the purchase of the subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)
2.18 TRANSLATION OF FOREIGN CURRENCIES (CONTINUED)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings, is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption of borrowings is recognised over the term of the borrowings on an effective interest rate basis.

Finance Cost

All foreign exchange movements, commission, interest paid and impairments directly attributable to the earning of interest and fees on financial assets, other than the Loans and advances to customers, are recognised as finance costs on other financial assets.

2.19. Investment in insurance contracts

Insurance contracts are defined as those contracts or agreements containing significant insurance risk. Significant insurance risk arises if an insured event could cause the holder of the insurance contract to pay significant additional benefits as envisaged at the inception of the contract. Such contracts remain designated as insurance contracts until all rights and obligations are extinguished or expire.

The group has entered into a cell captive agreement arranged by Guardrisk, a licensed insurance company. The cell captive is a ring-fenced insurance business established to serve not only the insurance needs of the customers of niftycover Proprietary Limited, such as credit life policies and funeral policies but to provide insurance products to individuals who are not customers of the entity. The cell captive agreement effectively represents an investment in a separate class of shares in Guardrisk, which entitles the group to participate in the insurance cover offered in terms of the cell captive agreement. The participation is restricted to the results of the insurance business which is placed with Guardrisk as the licensed cell captive insurer.

The cell captive arrangement transfers significant insurance risk (of the policies issued to customers by the cell captive insurer) from the cell captive insurer to the entity by requiring the entity

to maintain the solvency of the cell captive structure. The cell captive arrangement therefore meets the definition of an insurance contract contained in IFRS 4 'Insurance contracts'. The transfer of the insured risk from the cell captive structure to the entity also exposes the entity to credit losses arising from defaults on the advances to customers.

The cell captive provides the entity with the ability to underwrite the insurance risks of the customer to their loans and funeral policies, via the long-term insurer. The customer is responsible for paying the premium.

For credit life cover, the customer cedes the credit risk policy underwritten by the insurer as security on their loans to the loan provider.

The results of the insurance business are determined in accordance with the shareholders agreement. In accordance with IFRS 4, these underwriting activities are determined on an annual basis whereby the earned premiums are recognised as income and the incurred cost of claims, commission and related expenses are recognised as expenses.

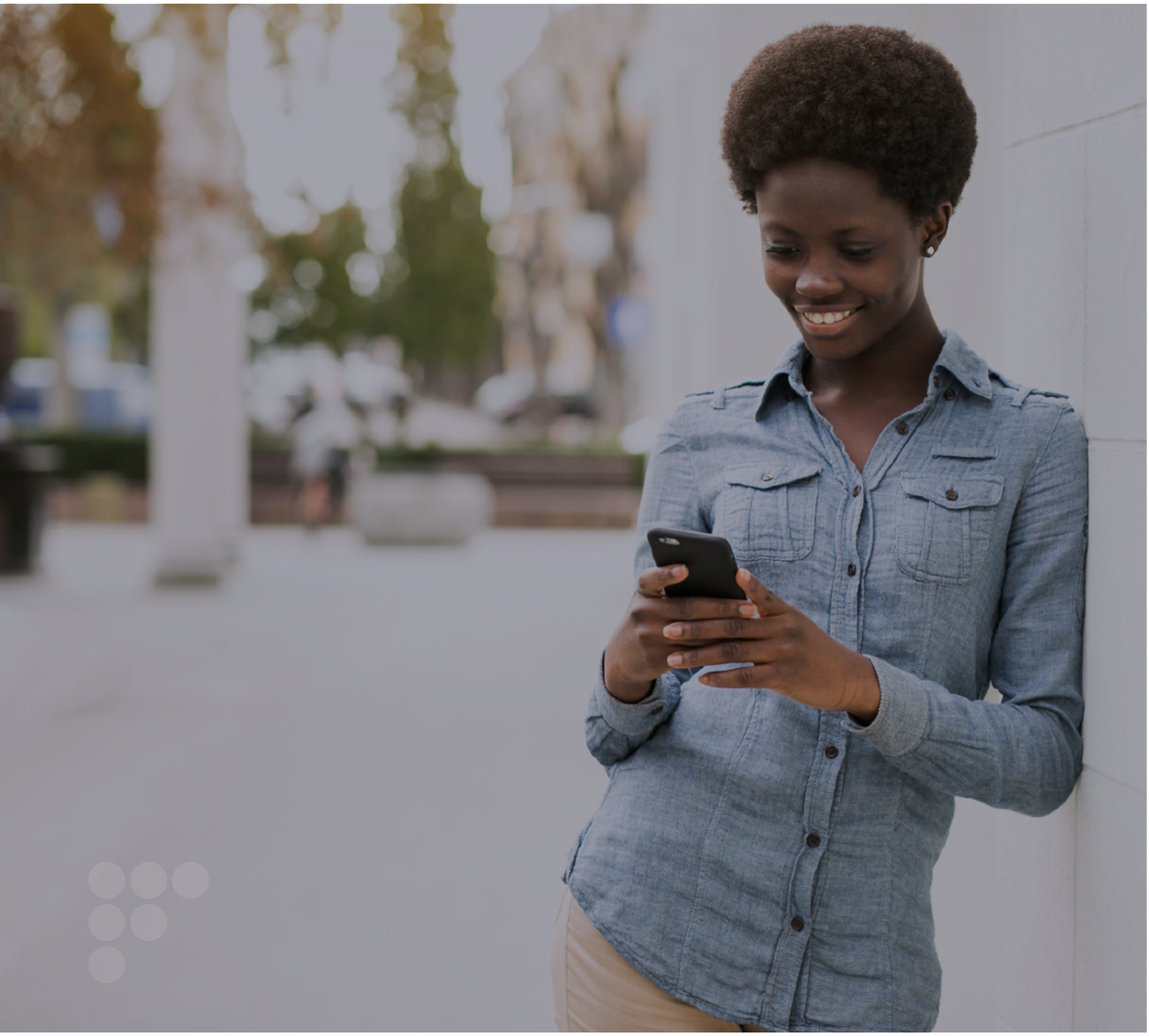
Movements during the year, which are included in the net returns of the investment in insurance contracts, comprise the following:

- Premiums written relate to business written during the period on the credit life risk of unsecured loans with the purpose of covering any credit life claims on these advances as well as premiums written for funeral cover;
- Claims incurred comprise claims and related expenses paid in the period and changes in the provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from prior years;
- Movements in unearned premiums represent the portion of premiums written during the period that relate to unexpired terms of the insurance policies in force at the reporting date, generally calculated on a time apportionment basis; and
- Movements in claims outstanding relate to the costs of settling all claims arising from events that have occurred up to the reporting date.

Commissions and other costs that vary with, and are related to, securing new and renewing existing insurance contracts are expensed to the statement of profit and loss and other comprehensive income at the point they are incurred. NiftyCover Proprietary Limited additionally earns a binder fee and an outsourcing fee for providing underwriting services to the cell captive. Claims incurred comprise claims that are paid in the year and changes in the accruals for outstanding claims, including accruals for claims incurred but not reported and any other adjustments to claims from the previous year.

2.20. Dividend distribution

Dvidend distirbution to the shareholder is recognised as a liability in the annual financial statements in the period in which the dividends are approved by the directors.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

3. New standards and interpretations

3.1. Standards and interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

IFRS 1 First-time Adoption of International Financial Reporting Standards, effective from 1 January 2022

- Amendment: Subsidiary as a first-time adopter
- a subsidiary is permitted to measure cumulative translation differences at transition date using the amounts reported by its parent, based on the parent's transition date.

Amendment: Reference to the Conceptual Framework, effective from 1 January 2022:

- update to refer to the 2018 Conceptual Framework;
- adds a requirement that transactions and other events within the scope of IAS 37 or IFRIC 21 must be accounted for per IAS 37 and IFRIC 21 to identify the liabilities assumed in a business combination; and
- adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Impact will be assessed for future business combinations.

IFRS 9 Financial Instruments

Amendment: Fees in the '10 per cent' test for derecognition of financial liabilities

- Clarifies which fees must be applied in the application of the '10 per cent' test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other's behalf.

Effective from 1 January 2022, will be applied when assessing derecognition of financial liabilities in future.

IFRS 17 Insurance Contracts

New standard establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The single accounting model makes use of current estimates.

The amendments are aimed at helping companies implement the Standard and making it easier to explain their financial performance, are designed to:

- reduce costs by simplifying some requirements;
- make financial performance easier to explain; and
- ease transition by deferring the effective date to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The new standard is effective from 1 January 2023, with no expected impact as the Group is not the insurer of any insurance risk as envisioned by IFRS 17.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendment: Definition of Accounting Estimates, effective from 1 January 2023:

Disclosure Initiative relating to the Definition of Material that:

- Distinguishes clearly between a change in accounting policy and a change in accounting estimate.
- Revises the definition of an accounting estimate.
- Provides reworded and specific examples of accounting estimates.
- Clarifies that measurement techniques and inputs used in developing accounting estimates are not accounting policies..

IAS 1 Presentation of Financial Statements

Amendment: Classification of Liabilities as Current or Non-current:

- Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period.
- Classification is unaffected by expectation of settlement.
- Settlement refers to transfer of cash equity instruments, other assets or services.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

3. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1 IAS 1 PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Effective from 1 January 2023, this amendment may impact future classification of liabilities in terms of the IAS 1 requirements to indicate maturity.

IAS 12 Income Taxes

Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- Narrows the scope of the exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences.
- Clarifies that deferred tax must be recognised on initial recognition of IFRS 16 leases and similar types of transactions that give rise to the recognition of an asset and a liability, such as decommissioning, restoration and similar liabilities with corresponding amounts recognised as part of the related asset.

Effective from 1 January 2023 with no impact expected.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendment: Onerous Contracts — Cost of Fulfilling a Contract

- Specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

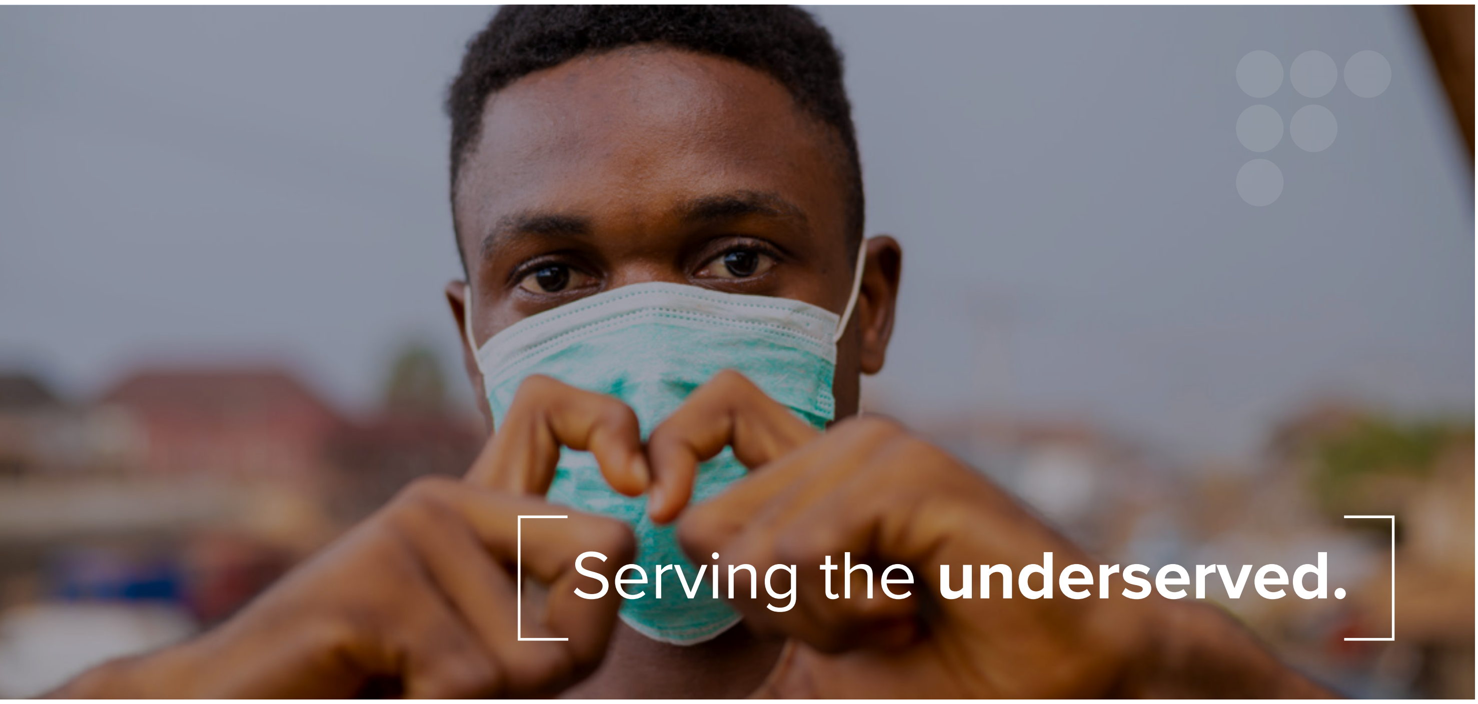
Effective from 1 January 2022 with no impact expected.

Practise Statementn2 – Making Materiality Judgements

Amendment: Disclosure of Accounting Policies:

- Accounting policies to be disclosed where the information is material, by nature or amount.
- Explains when accounting policy information is considered material.
- Clarifies that when an entity chooses to disclose an immaterial accounting.

Effective from 1 January 2023.



4. Significant accounting judgements, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

4.1. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The group's internal credit grading model, which assigns PDs to the individual grades;
- The group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on an ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.2. Assumptions and estimated uncertainties

Significant assumptions and estimated were used in the Impairment testing for CGUs containing goodwill. Key assumptions underlying recoverable amounts are disclosed in Note 19.

4.3. Effective Interest Rate (EIR) method

The group's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well expected changes to the group's base rate and other fee income/expense that are integral parts of the instrument.

4.4. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although, tax losses can be utilised indefinitely. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

4.5. Entities held for sale and discontinued operations

On 1 October 2019, smartadvance entered negotiations to dispose of the remaining assets in OTM Mobile Pty Ltd (holder of Mobile Virtual Network Operator (MVNO) licence) to MVNX Pty Ltd.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)
4.5 ENTITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

The sale would have formed part of the Smartadvance group restructure and disposing of non-productive assets., however the sale collapsed during 2020 and as such OTM Mobile is not classified as held for sale in the 2021 annual financial statements.

The operations have however been disbanded and as a result OTM Mobile(Pty) Ltd is classified as a discontinued operation in 2020.

On 30 June 2020, the board approved the disposal of Get-Bucks Proprietary Ltd (Eswatini) operations to FAH South Africa (Pty) Ltd. The Acquisition was dependant on regulatory approval being obtained from the Financial Services Regulatory Authority in Eswatini ("FSRA"). Regulatory approval was obtained on 18 May 2021, with the sale concluded on 31 May 2021 for a consideration of R57,255,996 being the NAV of the company as at 31 May 2021.

4.6. Taxation

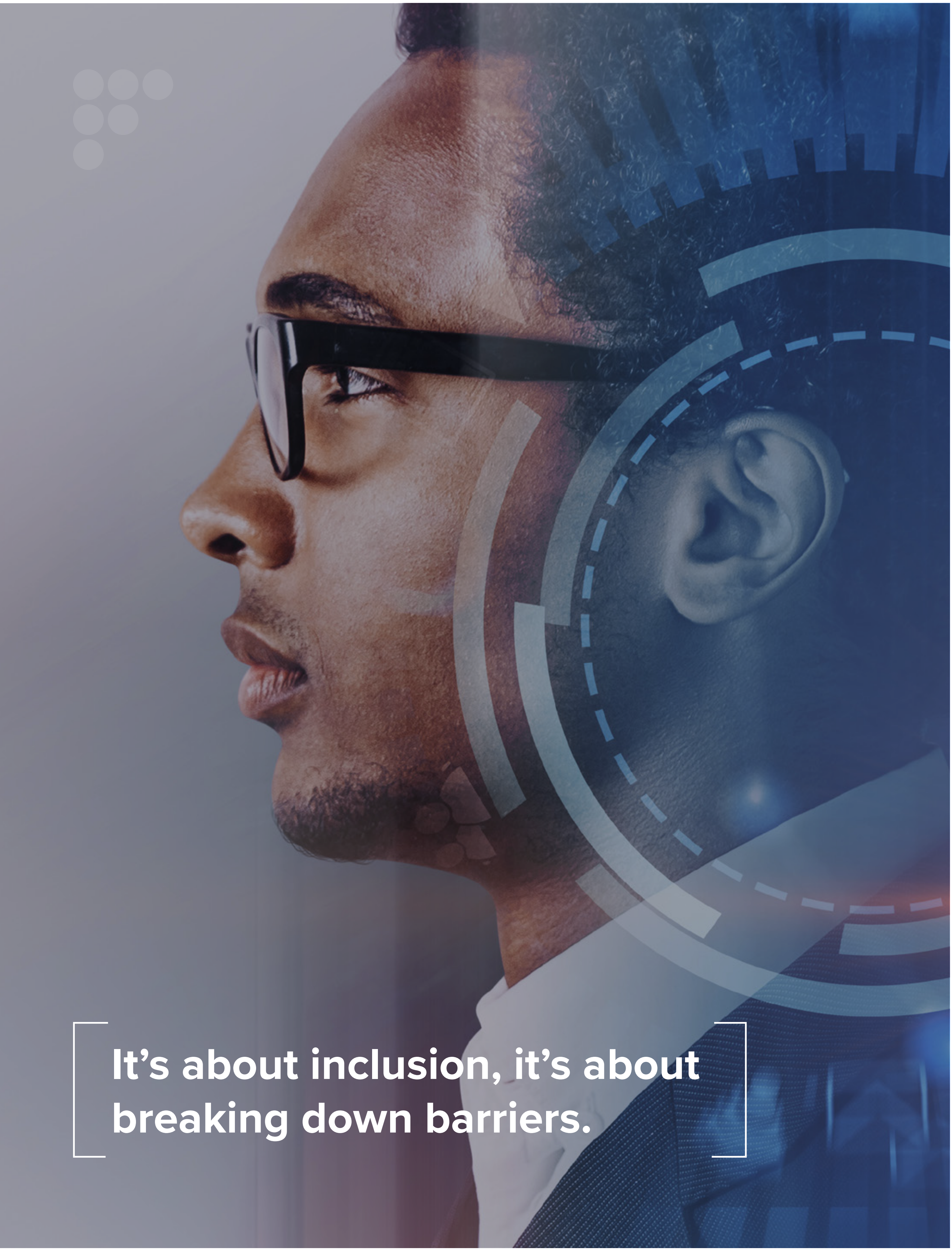
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.7. Incremental borrowing rate

To determine the incremental borrowing rate, the group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

4.8. Investment in Insurance contract

Judgement is required in determining the actuarial movements in the investment in the insurance assets. There is uncertainty with regards to the claims that will be made by customers, which is dependent on a number of unpredictable factors including unemployment, morbidity and mortality amongst others. The Company makes this judgement based on the best estimate and in accordance with Standards of Actuarial Practice ("SAP") 104 principles.


It's about inclusion, it's about breaking down barriers.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

5. Maturity analysis of assets and liabilities

The group discloses the financial statements in line with IAS 1 paragraph 60 where it is indicated that financial statements should be disclosed on the current and non-current principle. However, IAS 1 allows for a different method of disclosure as long as the change enables more reliable and more relevant information to the user of the financial statements.

The liquidity-based presentation is based on the principle of disclosing financial information in the Statement of financial position based on the liquid nature of the various items. In order to be comparable with peers and the industry norm the group have adopted the liquidity-based presentation from the 2021 financial year onward.

Maturity analysis - Group

	Dec-21		**Dec-20**	
	Current	**Non-current**	**Current**	**Non-current**
Cash and cash equivalents	6 159 350	-	2 138 271	-
Other receivables	2 283 704	-	1 229 913	-
Loans and advances to customers	6 092 871	10 625 266	4 678 616	9 020 433
Loans to group companies and related parties	2 035 004	811 839	7	1 181 332
Other financial assets	3 018	499 796	442 147	-
Investment in insurance contracts	132 363	-	172 897	-
Current tax receivable	182 483	-	22 902	-
Investments in subsidiaries	-	-	-	-
Investment in associates	134 886	-	146 538	-
Properties and equipment	-	327 940	-	208 967
Right of use Asset	-	378 464	-	345 220
Intangible assets	-	277 304	-	459 066
Deferred taxation	-	936 389	-	1 188 510
Goodwill	-	726 900	-	826 413
Total assets	**17 023 679**	**14 583 898**	**8 831 319**	**13 299 913**
Bank overdraft	15 507	-	30 992	-
Other payables	942 079	-	2 274 541	-
Liability in Insurance contract	25 717	-	17 399	-
Lease liabilities	105 647	320 562	116 731	274 372
Financial borrowings	202 937	15 322 926	774 261	5 637 449
Loans from related parties	309 683	1 847 352	633 406	-
Current tax payable	72 206	-	93 234	-
Total liabilities	**1 673 776**	**17 490 840**	**3 940 562**	**5 911 822**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

5. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

Maturity analysis - Company

	Dec-21		Dec-20	
	Current	**Non-current**	**Current**	**Non-current**
Cash and cash equivalents	2 349 531	-	332 036	-
Other receivables	641 945	-	179 961	-
Loans and advances to customers	-	-	-	-
Loans to group companies and related parties	-	12 950 132	-	3 130 667
Other financial assets	-	499 796	-	-
Investment in insurance contracts	-	-	-	-
Current tax receivable	-	-	-	-
Investments in subsidiaries	-	8 798 947	-	7 346 971
Investment in associates	-	-	-	-
Properties and equipment	-	-	-	-
Right of use Asset	-	-	-	-
Intangible assets	-	-	-	-
Deferred taxation	-	-	-	-
Goodwill	-	-	-	-
Total assets	**2 991 476**	**22 248 875**	**511 997**	**10 477 638**
Bank overdraft	-	-	-	-
Other payables	250 085	-	28 774	-
Liability in Insurance contract	-	-	-	-
Lease liabilities	-	-	-	-
Financial borrowings	-	13 067 129	551 066	-
Loans from related parties	121 347	1 287 527	453 375	-
Current tax payable	11 996	-	-	-
Total liabilities	**383 428**	**14 354 656**	**1 033 214**	**-**

6. Cash and cash equivalents

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Bank balances	6 159 350	2 138 271	2 349 531	332 036
Bank overdraft	(15 507)	(30 992)	-	-
	6 143 843	**2 107 279**	**2 349 531**	**332 036**

The maturity of the fixed deposits is presented as follows:

Assets	6 159 350	2 138 271	2 349 531	332 036
Liabilities	(15 507)	(30 992)	-	-
	6 143 843	**2 107 279**	**2 349 531**	**332 036**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

6. CASH AND CASH EQUIVALENTS (CONTINUED)

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Credit rating				
BBB+	522	76	-	-
BBB-	6 253	10 590	-	-
BB+	2 349 531	536 841	2 349 531	332 036
BB-	993 155	-	-	-
B	2 791 187	1 559 772	-	-
Unrated	3 195	-	-	-
	6 143 843	**2 107 279**	**2 349 531**	**332 036**

7. Other receivables

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Financial instruments:				
Other receivables	219 030	192 875	-	-
Sundry receivables	652 433	307 774	334 097	143 400
External payroll receivables	617 604	191 663	-	-
	1 489 067	**692 312**	**334 097**	**143 400**
Non-financial instruments				
Deposits	-	-	-	-
Prepayments	388 189	123 609	223 958	-
VAT receivable	1 194	1 251	-	-
Withholing taxes	405 254	412 741	83 890	36 561
	794 637	**537 601**	**307 848**	**36 561**
Total trade and other receivables	**2 283 704**	**1 229 913**	**641 945**	**179 961**

*Sundry receivables include receipt control accounts (consisting of timing difference between receipts recorded in loans and advances and the receipt of cash).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

8. Other financial assets

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Loans and receivables				
Go Life International Ltd	313 893	341 008	-	-
Impairment Go Life International Ltd	(310 875)	(337 729)	-	-
9,615,384 Shares trading at 1 cents a share. During the fair value appraisal in 2020, it was deemed to necessary to revalue the investment to less than the market value of 1 cents due to a lack of buyers in the open- and private markets.				
Tsepo Finance Proprietary Limited	258 956	281 326	-	-
Impairment Tsepo Finance Proprietary Limited	(258 956)	(281 326)	-	-
This loan is unsecured and accrues interest at 28% per annum. This loan is not performing and therefore an expected credit loss allowance has been raised on this balance.				
ESW Investment Group limited	-	438 868	-	-
The facility accrues interest at 18% per annum and is repayable within 30 days of disbursement and is secured by pledge of the book debts of the issuer				
Growth State East Africa Limited	499 796	-	499 796	-
49% (4900 Shares) Investment in ordinary shares of Growth State East Africa Limited measured at FVTPL				
Total	**502 814**	**442 147**	**499 796**	**-**

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Maturity analysis of other financial assets				
Non-current assets	499 796	-	499 796	-
Current assets	3 018	442 147	-	-
	502 814	**442 147**	**499 796**	**-**

Fair value through profit and loss

		Group		Company	
Figures in USD		**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
The group classifies the following financial assets at fair value through profit or loss (FVPL): Growth State East Africa Limited					
Financial assets measured at FVPL as disclosed on the statement of financial position include the following:					
Non-current assets					
Growth State East Africa Limited		499 796	-	499 796	-
		499 796	**-**	**499 796**	**-**
Amounts recognised in profit or loss					
During the year, the following gains/(losses) were recognised in profit or loss:					
Fair value gains (losses) on equity investments at FVPL recognised in other gains/(losses)	29	**495 212**	**-**	**495 212**	**-**
		495 212	**-**	**495 212**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

8. OTHER FINANCIAL ASSETS (CONTINUED)

The table below indicates the credit quality and exposure to credit risk. The amounts presented are gross of impairment allowances.

	Group		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Stage 1	499 796	438 868	499 796	-
Stage 2	-	-	-	-
Stage 3	572 849	622 334	-	-
	1 072 645	**1 061 202**	**499 796**	**-**
Loss allowance	(569 831)	(619 055)	-	-
	502 814	**442 147**	**499 796**	**-**

9. Loans and advances to customers

	Group		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Loan advances	18 324 985	16 447 941	-	-
Impairment of loan book	(1 606 848)	(2 748 892)	-	-
	16 718 137	**13 699 049**	**-**	**-**

Maturity split of loans and advances to customers				
Current	6 092 871	4 678 651	-	-
Non-current	10 625 266	9 020 398	-	-
	16 718 137	**13 699 049**	**-**	**-**

9.1. Loan and advances to customers split by class:

	Group		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Gross loan book split by class:				
1 month	1 251 891	1 071 591	-	-
2 to 6 months	2 712 626	3 147 128	-	-
7 to 12 months	2 532 437	2 145 534	-	-
> 12 months	11 828 031	10 083 688	-	-
	18 324 985	**16 447 941**	**-**	**-**

9.2. Loan and advances to customers ECL split by class:

	Group		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Loan book impairments split by class:				
1 month	67 272	145 788	-	-
2 to 6 months	205 340	460 135	-	-
7 to 12 months	186 880	263 869	-	-
> 12 months	1 147 356	1 879 100	-	-
	1 606 848	**2 748 892**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

ECL allowance for loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the group's internal grading system are explained in note 39.8 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 39.8.

Payroll lending

Group – December 2021

	Stage 1	**Stage 2**	**Stage 3**	**Total**
IFRs 9 adjustment	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at 01 January 2021 (IFRS 9)	**11 601 896**	**356 749**	**1 715 023**	**13 673 669**
Transfers:				-
Transfers from Stage 1 to Stage 2	(166 956)	166 956	-	-
Transfers from Stage 1 to Stage 3	(186 484)	-	186 484	-
Transfers from Stage 2 to Stage 3	-	(43 621)	43 621	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	(2 333)	-	2 333	-
Transfers from Stage 2 to Stage 1	26 016	(26 016)	-	-
Financial assets derecognised during the period other than write-offs	(8 269 060)	(226 220)	(922 613)	(9 417 893)
New financial assets originated or purchased	11 002 299	635 918	231 629	11 869 847
Modification of contractual cash flows of financial assets	-	-	-	-
Write-offs	(85 593)	(121 036)	(298 011)	(504 640)
Impact of currency translation	(711 265)	(24 504)	(64 596)	(800 367)
Outstanding balance as at 31 December 2021	**13 208 520**	**718 226**	**893 870**	**14 820 616**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
IFRs 9 adjustment	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at 01 January 2021 (IFRS 9)	**168 837**	**133 814**	**1 346 475**	**1 649 126**
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(8 441)	37 889	-	29 448
Transfers from Stage 1 to Stage 3	(12 130)	-	137 498	125 368
Transfers from Stage 2 to Stage 1	516	(14 235)	-	(13 719)
New financial assets originated or purchased	111 562	177 316	171 456	460 334
Changes in PDs/LGDs/EADs	(114 386)	(8 983)	(102 256)	(225 625)
Modification of contractual cash flows of financial assest	284 025	58 933	(342 842)	116
Total net P&L charge during the period	**261 146**	**250 920**	**(136 144)**	**375 922**
Other movements with no P&L impact				
Transfers:				
Transfers from Stage 2 to Stage 3	-	(23 987)	27 977	3 990
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period	(254 546)	(52 344)	(180 568)	(487 459)
Write offs	(5 514)	(76 968)	(286 339)	(368 821)
Impact of currency translation	(19 570)	(10 179)	(38 573)	(68 322)
Loss allowance as at 31 December 2021	**150 353**	**221 256**	**732 827**	**1 104 436**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Vehicle logbook

Group – December 2021

	Stage 1	Stage 2	Stage 3	Total
IFRs 9 adjustment	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount as at 01 January 2021 (IFRS 9)	**321 998**	**118 442**	**194 042**	**634 483**
Transfers:				
Transfers from Stage 1 to Stage 2				-
Transfers from Stage 1 to Stage 3	(14 308)	14 308	-	-
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 2	-	(5 453)	5 453	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	-	-	-	-
New financial assets originated or purchased	(294 935)	(120 692)	(168 658)	(584 284)
Modification of contractual cash flows of financial assets	1 090 167	97 309	8 997	1 196 474
Write-offs	-	-	-	-
Impact of currency translation	(11 480)	(4 222)	(6 920)	(22 625)
Outstanding balance as at 31 December 2021	**1 091 442**	**99 692**	**32 914**	**1 224 048**

	Stage 1	Stage 2	Stage 3	Total
IFRs 9 adjustment	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at 01 January 2021 (IFRS 9)	**-**	**-**	**92 973**	**92 973**
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	(21 401)	(21 401)
Modification of contractual cash flows of financial assest	-	-	-	-
Total net P&L charge during the period	**-**	**-**	**(21 401)**	**(21 401)**
Other movements with no P&L impact				
Transfers:				
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period	-	-	(50 894)	(50 894)
Write offs	-	-	-	-
Impact of currency translation	-	-	(3 315)	(3 315)
Loss allowance as at 31 December 2021	**-**	**-**	**17 363**	**17 363**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Online

Group – December 2021

IFRs 9 adjustment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 01 January 2021 (IFRS 9)	**1 152 210**	**234 196**	**709 255**	**2 095 660**
Transfers:				-
Transfers from Stage 1 to Stage 2	(17 891)	17 891	-	-
Transfers from Stage 1 to Stage 3	(31 349)	-	31 349	-
Transfers from Stage 2 to Stage 3	-	(22 896)	22 896	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Transfers from Stage 2 to Stage 1	82	(82)	-	-
Financial assets derecognised during the period other than write-offs	(951 125)	(131 597)	(192 548)	(1 275 271)
New financial assets originated or purchased	1 162 450	307 120	183 677	1 653 247
Modification of contractual cash flows of financial assets	-	-	-	-
Write-offs	(60 020)	(74 415)	(379 108)	(513 544)
Impact of currency translation	(91 619)	(18 623)	(56 398)	(166 636)
Outstanding balance as at 31 December 2021	**1 162 738**	**311 594**	**319 123**	**1 793 455**

IFRs 9 adjustment	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 01 January 2021 (IFRS 9)	**105 051**	**90 752**	**686 182**	**881 985**
Movements with P&L impact				
Transfers:				
Transfers from Stage 1 to Stage 2	(2 003)	1 134	-	(869)
Transfers from Stage 1 to Stage 3	(2 907)	-	12 982	10 075
Transfers from Stage 2 to Stage 1	-	(8)	-	(8)
New financial assets originated or purchased	67 626	104 457	147 324	319 407
Changes in PDs/LGDs/EADs	(290)	(1 836)	(51 609)	(53 735)
Modification of contractual cash flows of financial assest	-	-	-	-
Total net P&L charge during the period	**62 426**	**103 748**	**108 697**	**274 870**
Other movements with no P&L impact				
Transfers:				
Transfers from Stage 2 to Stage 3	-	(7 208)	10 606	3 398
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period	(85 485)	(34 909)	(116 395)	(236 789)
Write offs	(5 974)	(39 198)	(367 422)	(412 595)
Impact of currency translation	(8 353)	(7 216)	(54 562)	(70 129)
Loss allowance as at 31 December 2021	**67 665**	**105 968**	**267 106**	**440 740**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Group

Dec-21

Reconciliation:	**Payroll**	**Online**	**VLB**	**Other**	**Total**
Gross Book	14 820 616	1 793 455	1 224 048	486 866	18 324 985
ECL	(1 104 436)	(440 740)	(17 363)	(44 309)	(1 606 848)
	13 716 180	**1 352 715**	**1 206 685**	**442 557**	**16 718 137**

Group

Dec-20

Reconciliation:	**Payroll**	**Online**	**VLB**	**Other**	**Total**
Gross Book	13 673 669	2 095 660	634 483	44 129	16 447 941
ECL	(1 649 126)	(881 958)	(92 973)	(124 835)	(2 748 892)
	12 024 543	**1 213 702**	**541 510**	**(80 706)**	**13 699 049**

*Other consists transactions costs that have been capitalised to loans and advances and receipts not yet able to be allocated.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

10. Loans to/(from) group companies and related parties

Loans to subsidiaries	**Group**		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Virtual Financial Inclusion Loan	-	-	-	1 432 295
The loan is unsecured, carries interest at prime plus 0.5% per annum and is repayable in whole or in parts from time to time as and when is called upon to do so.				
Virtual Financial Inclusion Loan Promissory notes	-	-	-	527 510
The loan is unsecured, each pomisorry note carries interest at either 12% and 15% per annum and is repayable on 30 November 2021 and 30 June 2025				
SmartAdvance (Pty) Ltd	-	-	7 138 293	-
This loan is secured, carries interest at prime plus 5% per annum and is repayable in whole or in parts from time to time as and when is called upon to do so.				
TrustGro SCA Ltd	-	-	5 000 000	-
This loan is secured, carries interest at 13.25% per annum and is repayable by 31 August 2025				
	-	**-**	**12 138 293**	**1 959 805**

Loans to group companies other related parties	**Group**		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Growth State Holdings	811 839	1 170 862	811 839	1 170 862
The loan is unsecured, carries interest at 15% per annum and is repayable by 31 December 2025.				
Fikia Finance Limited	618 078	10 477	-	-
This loan is unsecured, carries interest at 17% per annum and the tranches are repayable within 12 months from date of drawdown.				
ESW Investment Group limited	806 364	-	-	-
The loan is unsecured and bears interest at 18% per annum, repayable quaterly with final repayment by 31 August 2022.				
Ecsponent Treasury Services Promissory note	610 562	-	-	-
The loan is unsecured and bears interest at 24% per annum, repayable by 31 August 2022.				
	2 846 843	**1 181 339**	**811 839**	**1 170 862**
	2 846 843	**1 181 339**	**12 950 132**	**3 130 667**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

10. LOANS TO/(FROM) GROUP COMPANIES AND RELATED PARTIES (CONTINUED)

Loans from other related parties	**Group**		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Finclusion Group Limited	1 287 527	-	1 287 527	-
The loan is unsecured, carries interest at 12% per annum and is repayable on demand.				
Promisorry Note Program	309 683	633 406	121 347	453 375
ESW Investment Group limited	559 825	-	-	-
The loan is secured, bears interest at 15.5% per annum and is repayable by 31 December 2024.				
	2 157 035	**633 406**	**1 408 874**	**453 375**
	689 808	**547 933**	**11 541 258**	**2 677 292**
Provision on Assets				
Assets	2 846 843	1 181 339	12 950 132	3 130 667
Liabilities	(2 157 035)	(633 406)	(1 408 874)	(453 375)
	689 808	**547 933**	**11 541 258**	**2 677 292**

Maturity analysis split of loans to/(from) group companies and related parties	**Group**		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Non-current assets	811 839	1 181 339	12 950 132	3 130 667
Current assets	2 035 004	-	-	-
Non-current liabilities	(1 847 352)	-	(1 287 527)	-
Current liabilities	(309 683)	(633 406)	(121 347)	(453 375)
	689 808	**547 933**	**11 541 258**	**2 677 292**

Credit risk of loans

The maximum exposure to credit risk at the reporting date is the fair value of each loan. The fair value of the loans is disclosed in the note 37.

The below table indicates the exposure to credit risk. The amounts presented are gross of impairment allowances.

	Group		**Company**	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Stage 1	-	-	-	-
Loans to group companies	-	-	12 138 293	1 959 805
Loans to other related parties	2 846 843	1 181 339	811 839	1 170 862
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Loans to other related parties	-	-	-	-
	2 846 843	**1 181 339**	**12 950 132**	**3 130 667**
Loss allowance	-	-	-	-
	2 846 843	**1 181 339**	**12 950 132**	**3 130 667**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

10.1. Related party transactions

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Interest paid to/(received from) related parties				
SmartAdvance (Pty) Ltd (South Africa)	-	-	(595 627)	-
TrustGro SCA Ltd (Kenya)	-	-	(230 771)	-
Growth State East Africa	(163 966)	(150 422)	(163 966)	(150 422)
PN Holders	47 715	156 886	47 715	154 748
Finclusion Group Limited (Mauritius)	-	-	67 186	-
Fractal Labs (Pty) Ltd (South Africa)	11 973	-	-	-
Virtual Financial Inclusion	-	-	-	317 518
Other Income paid to (received from) related parties				
SmartAdvance (Pty) Ltd (South Africa)	-	-	(126 408)	-
TrustGro SCA Ltd (Kenya)	-	-	(13 021)	-
Management fees paid to/(received from) related parties				
Finclusion Group Limited (Mauritius)	-	-	75 000	-
Other expenses paid to/(received from) related parties				
Admin Fees				
Promissory Note Holders	14 588	-	14 588	-
Consulting Fees				
Fractal Labs (Pty) Ltd (South Africa)	96 443	-	-	-
Rental Expense				
Fractal Labs (Pty) Ltd (South Africa)	5 687	-	-	-
Dividend paid /(received) from related parties				
TrustGro SCA Ltd (Kenya)	-	-	(449 445)	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

10.2. Related party relationships

Holding Company	Finclusion Group Limited
Subsidiaries	FAH South Africa (Pty) Ltd (South Africa)
	TrustGro SCA Ltd (Kenya)
	Get Bucks (Pty) Ltd (Eswatini)
	SmartAdvance (Pty) Ltd (South Africa)
	DebtHelper (Pty) Ltd (South Africa)
	Ligagu Investments (Pty) Ltd (Eswatini)
	Niftycover (Pty) Ltd (South Africa)
	GetSure (Pty) Ltd (Eswatini)
	Ligagu Investments (Proprietary) Limited (Eswatini)
	TogetherWeGrow Pty Ltd (South Africa)
Associates	Get Bucks Namibia Pty Ltd (Namibia)
Related parties	
Subsidiaries of common directorship directors	Majulah Investments (Pty) Ltd
	K2017457016 (South Africa) (Pty) Ltd
Fellow subsidiaries of ultimate holding company	HappyPay (Pty) Ltd (South Africa)
	Fractal Labs (Pty) Ltd (South Africa)
	Common-Wealth Finance (Pty) Ltd (South Africa)
Directors and members of key management	Timothy Nuy
	Tonderai Mutesva
	Tamuka Mpofu
	Bernard Kramer
	Uveesheksingh Purmah
	Preetam Prayag
	Matsi Modise
	Manuel Koser
	Artem Gurevich
	Lutz Seebacher

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

11. Investment in insurance contracts

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Guardrisk Life Limited Cell No. 00143				
Initial investment	37 668	40 921	-	-
Re-measurement of investment in insurance contracts	68 978	114 577	-	-
Carrying value of investment insurance contracts	**106 646**	**155 498**	**-**	**-**

Re-measurement of investment in insurance contracts

Carrying value				
Investment in insurance contract	132 363	172 897	-	-
Liability in insurance contract	(25 717)	(17 399)	-	-
	106 646	**155 498**	**-**	**-**
Re-measuremeant of investment in insurance contracts				
Net premiums earned	114 575	78 144	-	-
Premiums earned	463 983	402 857	-	-
Claims costs	(102 762)	(91 345)	-	-
Investment income	6 389	7 268	-	-
Fees and commission paid	(81 306)	(81 491)	-	-
Acturial movements	61	(80)	-	-
Taxation	(78 957)	(67 008)	-	-
Transfer to reserves	(4 344)	(1 199)	-	-
Distributions paid to cell shareholders	(242 290)	(145 157)	-	-
Currency translation impact	(6 373)	12 586	-	-
Closing balance	**68 978**	**114 575**	**-**	**-**

Niftycover has entered into a cell captive arrangement whereby niftycover as cell shareholders is able to sell insurance products under its own brand. Under the arrangement niftycover accepts the insurance risk from the policy holders and therefore acts as the insurer as defined by IFRS 4. Guardrisk is the principal to the insurance contract, although the business is underwritten on behalf of the company as cell shareholder. Under this arrangement Guardrisk undertakes the professional insurance and financial management of the cell, including functions related to underwriting, reinsurance, management of claims, actuarial and statistical analysis and investment and accounting services.

12. Property and equipment

12.1. Group

	Dec-21			Dec-20		
Figures in USD	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	209 648	(132 231)	77 417	231 121	(147 866)	83 255
Motor vehicles	18 270	(7 308)	10 962	51 671	(35 792)	15 879
Office equipment	100 751	(49 327)	51 424	72 879	(57 393)	15 486
IT equipment	211 415	(128 099)	83 316	165 870	(114 007)	51 863
Leasehold improvements	199 760	(94 938)	104 822	137 167	(94 682)	42 485
Total	**739 844**	**(411 903)**	**327 941**	**658 708**	**(449 740)**	**208 968**

No property or equiptment is held as security or has been pledged.

12.2. Reconciliation of property and equipment Group December 2021

Figures in USD	Opening balance	Depreciation	Additions	Additions through business combinations	Disposals	Impact of currency translation	Total
Furniture and fixtures	83 255	(16 850)	14 232	-	-	(3 220)	77 417
Motor vehicles	15 879	(3 928)	-	-	-	(989)	10 962
Office equipment	15 486	(2 640)	38 443	-	-	135	51 424
IT equipment	51 863	(27 953)	60 693	-	-	(1 287)	83 316
Leasehold improvements	42 485	(11 626)	75 161	-	-	(1 198)	104 822
Total	**208 968**	**(62 997)**	**188 529**	**-**	**-**	**(6 559)**	**327 941**

12.3. Reconciliation of property and equipment Group December 2020

Figures in USD	Opening balance	Depreciation	Additions	Additions through business combinations	Disposals	Impact of currency translation	Total
Furniture and fixtures	98 819	(16 671)	15 497	-	(7 562)	(6 828)	83 255
Motor vehicles	13 129	(8 669)	17 668	-	(6 032)	(217)	15 879
Office equipment	10 705	(2 428)	8 063	-	(153)	(701)	15 486
IT equipment	67 501	(22 829)	13 696	-	(948)	(5 557)	51 863
Leasehold improvements	50 690	(19 971)	17 545	-	(2 645)	(3 134)	42 485
Total	**240 844**	**(70 568)**	**72 469**	**-**	**(17 340)**	**(16 437)**	**208 968**

13. Intangible assets

13.1. Group

	Dec-21			Dec-20		
Figures in USD	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Computer software, other	341 872	(331 241)	10 631	92 924	(8 361)	84 563
System development software	-	-	-	18 689	(18 689)	-
Customer relationships	780 507	(513 834)	266 673	494 348	(119 846)	374 502
Total	**1 122 379**	**(845 075)**	**277 304**	**605 962**	**(146 896)**	**459 065**

13.2. Reconciliation of intangible assets - Group – December 2021

	Opening balance	Amortisation	Reclasification	Impairment loss	Additions	Foreign exchange impact	Total
Computer software, other	84 563	(83 036)	6 167	-	6 152	(3 215)	10 631
System development software	-	(1 434)	(6 167)	-	5 229	2 372	-
Customer relationships	374 502	(83 909)	-	-	-	(23 920)	266 673
Total	**459 065**	**(168 379)**	**-**	**-**	**11 381**	**(24 763)**	**277 304**

13.3. Reconciliation of intangible assets - Group – December 2020

	Opening balance	Amortisation	Reclasification	Impairment loss	Additions	Foreign exchange impact	Total
Computer software, other	3 260	-	72 851	-	(315)	8 766	84 563
System development software	-	-	-	-	-	-	-
Customer relationships	480 652	-	-	-	(75 478)	(30 672)	374 502
Total	**483 912**	**-**	**72 851**	**-**	**(75 793)**	**(21 906)**	**459 065**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

14. Interests in subsidiaries including consolidated structured entities

14.1. The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Name of company	Acquisition date	% holding Dec 2021	% holding Dec 2020	Carrying amount Dec 2021	Carrying amount Dec 2020
FAH South Africa (Pty) Ltd	30-Dec-19	100%	100%	7 610 829	6 126 042
Virtual Financial Inclusion Limited	30-Dec-19	0%	100%	-	32 812
TrustGro SCA Ltd	30-Dec-19	49%	49%	1 188 118	1 188 118
				8 798 947	7 346 972

On 1 January 2021 Virtual Financial Inclusion (VFI) a 100% owned subsidiary of the group was amalgamated into the Finclustion Africa Holdings Limited (the parent of Virtual Financial Inclusion).

The Group exercises control over all the subsidiaries. It has power to appoint key management positions in the company. Finclusion Africa Holdings Limited also influences and effects the returns generated by the subsidiary companies and is entitled to receive the fair portions of the controlled subsidiary profits.

Nature of business	
niftycover Proprietary Limited	Brokerage
*OTM Mobile (Pty) Ltd	Mobile services
*GS Insurance Limited	Brokerage
*GetSure Life SA Proprietary Limited	Non-operating entity
GetBucks Proprietary Ltd (Eswatini)	Micro lending
Ligagu Investment Proprietary Limited	Micro lending
Getsure Proprietary Limited (Eswatini)	Brokerage

* These entities are dormant.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

15. Investments accounted for using the equity method

Profit from equity accounted investments
Group

Figures in USD	Get Bucks Namibia	Dec 2021	Get Bucks Namibia	Dec 2020
Profit for the period 1 Jan to 30 Jun 2020	-	-	3 672	3 672
Profit for the period 1 July to 31 Dec 2020	-	-	7 842	7 842
Loss for the period 1 July to 31 Dec 2021	(2 445)	(2 445)	-	-
	(2 445)	**(2 445)**	**11 514**	**11 514**

16. Investment in associates

Investment in associates - Group

Figures in USD	Get Bucks Namibia	Dec 2021	Get Bucks Namibia	Dec 2020
Opening balance	146 538	146 538	134 309	134 309
Original cost of 49% interest in Namibian operation through common control transaction	-	-	-	-
Adjustments:	-	-	-	-
Movement in Profits	-	-	3 672	3 672
Fair value adjustment at acquisition through common control transaction	-	-	4 444	4 444
Foreign currency translation impact	(11 652)	(11 652)	(3 729)	(3 729)
Carrying value at acquisition (total deemed consideration)	**134 886**	**134 886**	**138 696**	**138 696**
Movement in statement of profit or loss				
Profit for the period 1 July to 31 Dec 2020	-	-	7 842	7 842
	-	**-**	**7 842**	**7 842**
Closing balance	**134 886**	**134 886**	**146 538**	**146 538**

Summarised statement of financial position in ZAR

	Get Bucks Namibia	Dec 2021	Get Bucks Namibia	Dec 2020
Cash and cash equivalents	129 715	129 715	157 167	157 167
Loan advances to customers	77 775	77 775	84 626	84 626
Other financial assets	66 049	66 049	22 161	22 161
Non-financial assets	33 427	33 427	62 808	62 808
Total assets	**306 966**	**306 966**	**326 762**	**326 762**
Other financial liabilities	12 622	12 622	27 060	27 060
Non-financial liabilities	22 131	22 131	645	645
Total liabilities	**34 753**	**34 753**	**27 705**	**27 705**
Total net assets	**272 213**	**272 213**	**299 057**	**299 057**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

16. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of profit and loss and other comrehensive income in ZAR

Figures in USD	Get Bucks Namibia	Dec 2021	Get Bucks Namibia	Dec 2020
Net interest income	85 596	85 596	84 708	84 708
Net fee and commission income	43 786	43 786	47 684	47 684
Net trading income	**129 382**	**129 382**	**132 392**	**132 392**
Credit loss expense on customer loan book	(5 457)	(5 457)	18 418	18 418
Credit loss expense on other financial assets	(3 892)	(3 892)	(27 211)	(27 211)
Other income	4 323	4 323	-	-
Sales expenses	(17 859)	(17 859)	(16 920)	(16 920)
Professional Fees	(11 261)	(11 261)	(3 060)	(3 060)
Employee costs	(56 497)	(56 497)	(47 171)	(47 171)
Depreciation, Amortisation & Impairment	(561)	(561)	(13 093)	(13 093)
Other operating expenses	(40 668)	(40 668)	(19 859)	(19 859)
Loss before taxation	**(2 490)**	**(2 490)**	**23 497**	**23 497**
Taxation				
Loss after taxation	**(2 490)**	**(2 490)**	**23 497**	**23 497**
Group's share of profit/(loss) @ 49%	**(1 220)**	**(1 220)**	**11 514**	**11 514**

Summarised statement of cash flow in ZAR

	Get Bucks Namibia	Dec 2021	Get Bucks Namibia	Dec 2020
Cash flows from operating activities	(16 077)	(16 077)	42 679	42 679
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
	(16 077)	**(16 077)**	**42 679**	**42 679**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

17. Deferred taxation

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Deferred tax asset	936 389	1 188 510	-	-
Deferred tax liabilities	-	-	-	-
	936 389	**1 188 510**	**-**	**-**
Reconciliation of movement in deferred taxation				
Balance at beginning of year	1 188 511	1 346 933	-	-
Originating and reversing temporary differences on loan book impairments	(81 787)	24 984	-	-
Temporary differences due to provision	(30 513)	71 923	-	-
Assessed loss	(45 318)	(184 652)	-	-
Acquired through common control transaction	-	-	-	-
Foreign currency translation impact	(94 504)	(70 677)	-	-
	936 389	**1 188 511**	**-**	**-**

Deferred tax assets on accumulated losses that has been raised:

A deferred tax asset of USD 4,077,831 (Dec 2020: USD 2,050,108) has not been recognised on accumulated tax losses of USD 14,563,683 (Dec 2020: USD 13,951,491) for the Group.

18. Goodwill

18.1. Group

	Dec-21			Dec-20		
Figures in USD	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Goodwill	726 900	-	726 900	826 413	-	826 413
Total	**726 900**	**-**	**726 900**	**826 413**	**-**	**826 413**

18.2. Reconciliation of goodwill - Group- December 2021

Figures in USD	Opening balance	Total
Goodwill	826 413	826 413
Impact of currency translation	(99 513)	(99 513)
	726 900	**726 900**

18.3. Reconciliation of goodwill - Group- December 2020

Figures in USD	Opening balance	Total
Goodwill	826 413	826 413
	826 413	**826 413**

Management has determined the values assigned to each of the key assumptions as follows:	
Operating cost to trading income	Average annual cost as a fixed percentage of trading income over a five-year period, based on past performance and management's expectations.
Trading income	Average annual ratio over a five-year period, as a percentage based on past performance and management expectations.
Discount rate:	Is based on cost of equity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

18. GOODWILL (CONTINUED)
18.3. RECONCILIATION OF GOODWILL - GROUP- DECEMBER 2020 (CONTINUED)

The recoverable amounts for Komo Finance and niftycover cash generating units (CGU's) have been calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs assets and their ultimate disposal, as well as the multi period excess earnings method calculations. The value-in-use calculations have made use of post-tax cash flow projections based on financial budgets approved by management. Disbursement growth used in the budget includes assumptions based on past performance, new product launches and potential future funds raising options that management's concluded in Q3 of 2021. The long-term growth rate reflects the local South African consumer price index rate for the five-year forecast period. No impairment was recognised during the year ended 31 December 2021 (2020: nil) because the recoverable amounts of these CGUs were determined to be higher than their carrying amounts.

The Key assumptions used in the calculation of value in use were as follows. The values assigned to the key assumptions represent managements assessment of future trends and have been based on historical data from both external and internal sources.

	Dec-21	**Dec-21**	**Dec-21**	**Dec-21**
	Komo Finance Proprietary Limited		**niftycover South Africa Proprietary Limited**	
Trading income growth (%)	17	31	17	17
Operating costs (%)	9	18	6	6
Discount rate (%)	12.2	12.2	12.2	12.2

The discount rate was a post-tax measure based on the rate of 30 year government bonds(R209) issues by the government in the same currency as the cashflows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU.

Impairment testing for the CGUs containing goodwill

Five year of cashflow projections were included in the discounted cashflow model for the value-in-use calculation. The calculations use cashflow projections that are based on budgets prepared by management and approved by the board of directors. The budgets are updated to reflect the most recent developments as at reporting date. Budgeted profit was based on managements expectations of future outcomes taking into account past experience, adjusted for the anticipated trading income growth. Trading income growth was projected taking into account the average growth levels for the past five years and the estimated growth for the next five years.

The key assumptions described above may change as economic and market conditions change.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

19. Trade and other payables.

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Financial instruments				
Trade payables	230 510	998 875	-	-
Payroll liabilities	198 369	339 627	-	-
Accruals and sundry paybles	303 213	709 608	250 084	28 773
Claims reserve	15 319	16 704	-	-
	747 411	**2 064 814**	**250 084**	**28 773**
Non-financial instruments				
VAT payable	6 707	787	-	-
Withholding taxes	187 963	208 939	-	-
	194 670	**209 726**	**-**	**-**
Total trade and other payables	**942 081**	**2 274 540**	**250 084**	**28 773**

The claims reserve relates to products with a different insurer prior to the use of the cell captive with Guardrisk.

20. Leases

The Group leases a number of branches and premises. The lease typically run for a period of 3 years, with an option to renew the lease after that date. The Group also leases some IT equipment with contractual terms of three to five years.

20.1. Amounts recognised in the balance sheet:

Group	**Dec-21**			**Dec-20**		
Figures in USD	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	292 256	(191 170)	101 086	314 180	(89 675)	224 505
Equipment	363 133	(85 755)	277 378	165 512	(44 796)	120 716
Total	**655 389**	**(276 925)**	**378 464**	**479 692**	**(134 471)**	**345 221**

20.2. Reconciliation of right of use assets Group December 2021

	Opening balance	**Initial recognition**	**Additions**	**Depreciation**	**Disposals**	**Impact of currency translation**	**Total**
Buildings	224 505	-	3 058	(116 778)	-	(9 699)	101 086
Equipment	120 716	-	142 874	19 126	-	(5 337)	277 379
	345 221	**-**	**145 932**	**(97 652)**	**-**	**(15 036)**	**378 465**

20.3. Reconciliation of right of use assets Group December 2020

	Opening balance	**Initial recognition**	**Additions**	**Depreciation**	**Disposals**	**Impact of currency translation**	**Total**
Buildings	79 905	-	234 275	(79 824)	-	(9 851)	224 505
Equipment	22 372	145 128	28 465	(45 015)	(30 454)	219	120 716
	102 277	**145 128**	**262 740**	**(124 839)**	**(30 454)**	**(9 632)**	**345 221**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

20. LEASES (CONTINUED)
20.3. RECONCILIATION OF RIGHT OF USE ASSETS GROUP DECEMBER 2020 (CONTINUED)

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Right-of-use assets				
Buildings	101 086	224 505	-	-
Equipment	277 378	120 716	-	-
	378 464	**345 221**	**-**	**-**
Lease liabilities maturity				
Current	105 647	116 731	-	-
Non-current	320 562	274 372	-	-
	426 209	**391 103**	**-**	**-**

In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's finance lease liabilities.

20.4. Amounts recognised in the statement of profit or loss

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Depreciation charge of right-of-use assets				
Buildings	(116 778)	(79 824)	-	-
Equipment	19 126	(45 015)	-	-
	(97 652)	**(124 839)**	**-**	**-**
Interest expense:				
Buildings	(315 918)	(359 249)	-	-
Equipment	(21 493)	(28 871)	-	-
	(337 411)	**(388 120)**	**-**	**-**

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Minimum lease payments due:				
Within one year	105 625	111 936	-	-
More than one year and less than five years	100 377	279 167	-	-
More than five years	220 207	-	-	-
Total	**426 209**	**391 103**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

21. Borrowings

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Ecsponent Treasury Services Proprietary Limited	-	135 658	-	-
The loan is secured and bears interest at 28% and is payable in equal monthly instalments which contain capital and interest. The maturity date of the loan is 31 August 2021.				
Ecsponent Collective Investment Scheme (CIS)	-	64 178	-	-
These loans accrue interest at 20% and is repayable in full in November 2021.				
Lendable	10 000 000	-	10 000 000	-
This loan is secured and bears interest at 13.25% per annum and is repayable by 31 August 2025				
Bondster Market Place	288 611	-	227 851	-
Secured facility from a peer-to-peer lender with variable interest rates (8.5%-12%) and variable tenures matched to the underlying loan tenure				
Mintos Market Place	5 034 315	5 637 449	2 839 278	-
Secured facility from a peer-to-peer lender with variable interest rates (8.5%-12%) and variable tenures matched to the underlying loan tenure				
Promissory note program				
PN Program	202 937	574 425	-	551 067
	15 525 863	**6 411 710**	**13 067 129**	**551 067**

Non-current liabilities	**Dec-21**	**Dec-21**	**Dec-20**	**Dec-20**
At amortised cost	15 322 926	5 637 449	13 067 129	-
Current liabilities				
At amortised cost	202 937	774 261	-	551 067
	15 525 863	**6 411 710**	**13 067 129**	**551 067**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

22. Share capital

22.1. Authorised share capital

	Group		Company	
Number of ordinary shares available	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Ordinary no par value shares	10 000	10 000	10 000	10 000

22.2. Reconciliation of number of shares issued

Reconciliation of number of ordinary shares available				
Opening balance	10 000	10 000	10 000	10 000
Issue of shares - ordinary shares	-	-	-	-
	10 000	**10 000**	**10 000**	**10 000**

22.3. Issued

Figures in USD				
Opening balance	10 307 997	10 000	10 307 997	10 000
Share premium - debt to equity conversion	-	10 297 997	-	10 297 997
	10 307 997	**10 307 997**	**10 307 997**	**10 307 997**

22.4. Other reserves

Figures in USD				
Change in control	2 559 777	2 559 777	-	-
Foreign Currency Translation Reserve	(1 525 462)	(690 077)	-	
	1 034 315	**1 869 700**	**-**	**-**

Other reserves consists of loan to equity conversions approved by FAHL South Africa (Pty) Ltd. All approvals were obtained prior to year end, with the share issue to be finalised in quarter of 1 of 2022.

23. Taxation receivable / (taxation payable)

	Group		Company	
Figures in €	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Taxation paid in advance / receivable	182 483	22 902	-	-
Taxation payable	(72 206)	(93 234)	(11 996)	-
	110 277	**(70 332)**	**(11 996)**	**-**

Reconciliation on movement				
Opening balance	(68 448)	(181 161)	-	-
Income taxation charged for the year	(532 997)	(544 484)	(11 996)	-
Acquired through common control transaction	-	-	-	-
Taxation paid	711 722	648 135	-	-
Taxation received	-	(12 364)	-	-
Impact of currency translation	-	19 542	-	-
Closing balance	**110 277**	**(70 332)**	**(11 996)**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

24. Interest revenue

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Interest revenue calculated using the effective interest method				
Loans and advances to customers	5 094 084	7 272 255	-	-
	5 094 084	**7 272 255**	**-**	**-**
Other interest and similar income				
Bank and other cash	31 235	-	-	-
Other	874 533	230 989	990 363	288 910
	905 768	**230 989**	**990 363**	**288 910**
	5 999 852	**7 503 244**	**990 363**	**288 910**

Other interest income relates to loan to ESW Investment Group Limited promissory note issued in GetBucks Proprietary Limited (Eswatini)

24.1. Interest expense

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Interest expense calculated using effective interest method				
Current borrowings	754 247	1 282 556	395 138	340 924
Related parties and group companies	1 399 444	-	458 194	-
Shareholder	18 311	-	-	-
	2 172 002	**1 282 556**	**853 332**	**340 924**
Other interest and similar expense				
Other interest expense	39 185	-	-	-
	39 185	**-**	**-**	**-**
	2 211 187	**1 282 556**	**853 332**	**340 924**

Other interest consists of additional fees

25. Fee and commission income and expense

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Fee and commission income				
Income resultant from loans and advances to customers	3 362 553	2 746 441	-	-
Income resultant from insurance products	404 499	284 772	-	-
	3 767 052	**3 031 213**	**-**	**-**
Fee and commission expense				
Expense resultant from loans and advances to customers	(894 364)	(796 066)	(155 334)	(1 839)
	(894 364)	**(796 066)**	**(155 334)**	**(1 839)**
	2 872 688	**2 235 147**	**(155 334)**	**(1 839)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

26. Credit loss expense on customer loan book

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Credit loss expense on loans and advances to customers	263 231	1 710 364	-	-
	263 231	**1 710 364**	**-**	**-**

27. Credit loss expense on other financial assets

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Credit loss expense on other financial assets	-	32 587	-	-
	-	**32 587**	**-**	**-**

28. Other income

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Other Income				
Bad debts recovered	-	333 395	-	-
Dividend income	-	-	449 445	-
Management fee	8 099	-	-	-
On revaluations	-	-	-	-
Other income	691 395	85 857	682 472	125 132
Property, plant and equipment	1 667	14 947	-	-
Profit on Sale of Investments	-	-	-	-
Recovery – Operating Costs	114 817	-	-	-
	815 978	**434 199**	**1 131 917**	**125 132**

Other income consists of tech services.
Profit on disposal of investment relates to the disposal of GetBucks Eswaztini Investments, see note 16.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

29. Other operating expenditure

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Advertising and marketing	488 716	38 070	-	-
Bank charges	33 775	-	6 830	-
Computer expenses	29 404	82 309	-	-
Collection costs	344 347	-	-	-
Directors Fees	77 923	44 511	31 064	-
Hosting anc connectivity costs	443 644	393 822	-	-
Insurance	32 183	23 975	-	-
Lease rentals on operating lease	139 998	61 828	-	-
Loss on sale of investments	-	126 680	-	112 042
Motor vehicle expenses	18 061	15 128	-	-
Municipal expenses	57 461	43 855	-	-
Placement fees	7 538	6 855	-	-
General office expenses	57 162	53 953	-	-
Repairs and maintenance	6 323	14 305	-	-
Restructuring costs	(92 686)	8 007	-	-
Sale of loan and advances	46 248	372 223	-	-
Security	5 195	5 456	-	-
Staff welfare	109 493	81 383	-	-
Subscriptions	(224 046)	234 926	-	-
Travel - local	88 850	57 324	-	-
Travel - overseas - deductible	8 708	-	-	-
Other expenses	582 007	1 336 396	577 894	106 314
VAT Expense	99 311	35 431	-	-
	2 359 615	**3 036 437**	**615 788**	**218 356**

30. Employee costs

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Basic	2 452 735	2 692 174	-	33 250
Incentives	80 994	157 508	-	-
Company contributions	45 371	98 564	-	-
Leave pay provision charge	7 204	261 556	-	-
	2 586 304	**3 209 802**	**-**	**33 250**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

31. Depreciation and amortisation

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Depreciation	62 998	70 568	-	-
Depreciation right of use asset	189 113	201 458	-	-
Amortisation	168 378	75 793	-	-
	420 489	**347 819**	**-**	**-**

32. Consulting and professional fees

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Auditor's remuneration – external:				
Audit fees	232 080	326 595	20 552	-
Consulting fees	382 560	304 857	57 522	-
Legal expenses	106 047	118 243	2 631	65 596
	720 687	**749 695**	**80 705**	**65 596**

33. Taxation

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Income taxation				
Local income tax	554 984	537 286	11 996	-
	554 984	**537 286**	**11 996**	**-**
Deferred taxation				
Originating and reversing temporary differences	172 578	92 072	-	
	172 578	**92 072**	**-**	**-**
	727 562	**629 358**	**11 996**	**-**

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Reconciliation of the taxation expense				
Accounting loss	989 663	(185 156)	405 125	-
Taxation expense at 28%	211 409	(35 001)	12 154	-
Tax effect of adjustments on taxable income	-			-
Different tax rates of other countries	(4 733)	(1 708)	-	-
Non-deductible expenses	(3 614)	26 141	-	-
Exempt income	(60 295)	(46 922)	-	-
Assessed loss for which no deferred tax raised	584 953	686 613	-	-
Other	(158)	235	(158)	-
	727 562	**629 358**	**11 996**	**-**

Exempt income consists of insurance income already taxed within the cell captive. For company in Dec 21 this includes the profit on sale of investment in GetBucks Proprietary Limited (Eswatini). Other in Dec 2020 consist of a correction related to a prior period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

34. Cash flow notes

34.1. Cash generated from operating activities

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Cash generated from/(used in) operations				
(Loss) profit before taxation	1 163 416	120 127	453 683	50 450
Adjustments for:				
Depreciation and amortisation	420 489	347 819	-	-
Intercompany - Management fee expense	75 000	-	75 000	-
Profit loss from Associate	-	(11 514)	-	-
Other impairments	-	81 641	-	-
Loan book impairment	530 430	1 710 364	-	-
Dividends received	-	145 157	-	-
FV through P&L	(495 212)	-	(495 212)	-
Gains on disposals, scrapings and settlements of assets and liabilities	-	126 680	-	-
Investment Revenue	(432 128)	(230 989)	(990 363)	(288 910)
Interest paid	1 737 547	1 114 435	867 579	172 804
Non cash - facility fee income	129 293	-	128 893	-
Profit/Loss on foreign exchange	419 269	-	477 444	-
Profit/Loss on sale of loanbook	50 200	-	-	-
Profit/Loss on disposal of assets	(1 667)	(9 585)	-	-
Remeasurement of insurance	(215 339)	(169 003)	-	-
Dividend paid (EQ)	(496 390)	-	-	-
	2 884 908	**3 225 132**	**517 024**	**(65 656)**
Changes in working capital:				
Other receivables	(1 928 754)	(322 632)	(575 371)	(355 156)
Loan book	(4 608 170)	553 690	-	-
Trade and other payables	216 675	(585 862)	221 521	28 773
	(6 320 249)	**(354 804)**	**(353 850)**	**(326 383)**
Cash (used in)/generated from operations	**(3 435 341)**	**2 870 328**	**163 174**	**(392 039)**

35. Fair value information

Valuation models

The group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1

Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity and debt investments classified as trading securities or available-for-sale.

Level 2:

Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3:

Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Objective

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

35. FAIR VALUE INFORMATION (CONTINUED)

Group - Dec-21	Note				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Figures in USD		Level 1	Level 2	Level 3	Total Fair Value
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	499 796	499 796

Group - Dec-20	Note				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Figures in USD		Level 1	Level 2	Level 3	Total Fair Value
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	-	-

Company - Dec-21	Note				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Figures in USD		Level 1	Level 2	Level 3	Total Fair Value
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	499 796	499 796

Company - Dec-20	Note				
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Figures in USD		Level 1	Level 2	Level 3	Total Fair Value
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	-	-

Financial risk management

Overview

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. Taking risk is core to the financial services business. The company's objective is to achieve an appropriate balance between risk and return.

The risk management policies are designed to identify and analyse the risk to set appropriate limits and control, and to monitor the risk through reliable and up to date information systems. Risk management is carried out by management, under policies approved by the board. The board approves principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

The most significant type of risk are credit risk, liquidity risk, and market risk. Market risk includes currency and interest rate risk.

Executive management are responsible to identify, monitor, and mitigate risk at all business levels under the policies approved by the Finclusion Africa Holdings Limited Board.

Liquidity risk

Liquidity risk is the risk that operations cannot be funded, and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall profile of the consolidated and separate statement of financial position, the funding requirements of the company, and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated, and necessary arrangements are put in place to ensure all future cash flow commitments are met.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

35. FAIR VALUE INFORMATION (CONTINUED)

Loan disbursements

Although longer loan tenures to customers have a positive impact on the revenue and the financial position, the cash is negatively impacted in the short term. To mitigate such impact, mix between longer term loan products and shorter-term loan products is managed to balance the net cash flows. smartadvance Proprietary Limited (South Africa), Emu Inya Enterprises (Kenya) and Get Bucks Proprietary Limited (Eswatini) is strongly weighted towards a short-term lending product.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The group's valuation methodology for securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

Fair value of financial instruments not measured or disclosed at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the group's financial instruments that are not carried at fair value in the financial statements.

This table does not include the fair values of non–financial assets and non–financial liabilities.

Figures in USD		**Group**		**Company**	
Assets		**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Loans to group companies and related parties	11	2 979 108	-	1 287 527	-
Other financial assets	8	-	409 269	-	-
Loans and advances to customers	9	13 769 667	13 531 515	-	-
		16 748 775	**13 940 784**	**1 287 527**	**-**
Liabilities					
Loans from group companies and related parties	11	(1 957 402)	(3 929 859)	(1 375 111)	-
Other financial borrowings	22	(18 390 055)	(228 945)	13 067 129	-
		(20 347 457)	**(4 158 804)**	**11 692 018**	**-**

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Loans with shareholders and other related parties and other financial liabilities

The fair values of these instruments are estimated by a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Other financial assets

The fair value for the Go Life shares is based on the quoted market price.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

36. Financial instruments by category

	Group		Company	
Figures in USD	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Financial assets				
Fair value through Profit and loss				
Other financial assets	495 212	-	495 212	-
Amortised cost				
Other financial assets	3 018	442 147	-	-
Loans to group companies and related parties	2 846 843	1 181 339	811 839	-
Loans and advances to customers	16 718 137	13 699 049	-	-
Other receivables	2 283 704	1 229 913	641 945	-
Cash and cash equivalents	7 208 893	2 138 271	2 349 531	-
	29 555 807	**18 690 719**	**4 298 527**	**-**
Financial liabilities				
Amortised cost				
Loans from group companies and related parties	2 157 035	3 458 599	1 408 874	3 278 569
Other financial borrowings	15 525 863	6 411 710	13 067 129	551 066
Finance lease liabilities	426 209	391 243	-	-
Trade and other payables	942 079	2 419 945	250 085	50 000
Bank overdraft	15 507	30 992	-	-
	19 066 693	**12 712 489**	**14 726 088**	**3 879 635**

37. Risk management

The risk management policies are designed to identify and analyse risks, to set appropriate limits and controls, and to monitor the risk through reliable and up-to-date information systems. Risk management is carried out by management, under policies approved by the board. The board approves principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

SmartAdvance South Africa is a fintech company that embraces technology as a means to provide financial products and services to our customers. The group and company's current primary activities are micro-lending and related insurance brokerage. smartadvance South Africa provides short-term (1 - 6 months) on the back of a direct debit order collection mechanism and longer-term (6 - 24 months) loans with a deduction at source collection mechanism through payroll deduction agreements with employers.

37.1. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the Other financial liabilities disclosed in notes 21 & 22, cash and cash equivalents disclosed in note 6, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets to reduce debt.

Management determines the capital requirements by analysing cashflow forecasts and projections taking into consideration growth and defined gearing ratios such as debt to equity and financial leverage. Evaluations are performed on an annual basis.

This gearing ratio is calculated as net debt divided by total capital.

- Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents.
- Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)

37.1 CAPITAL RISK MANAGEMENT (CONTINUED)

		Group		Company	
		Dec-21	**Dec-20**	**Dec-21**	**Dec-20**
Finance lease liabilities	21	426 209	391 103	-	-
Borrowings	22	15 525 863	6 411 710	13 067 129	551 066
Loans from group companies and related parties	11	3 744 919	633 406	3 000 968	-
		19 696 991	**7 436 219**	**16 068 097**	**551 066**
Less: Cash and cash equivalents	6	(6 143 843)	(2 107 279)	(2 349 531)	(332 036)
Net debt		**13 553 148**	**5 328 940**	**13 718 566**	**219 030**
Total equity		12 442 960	12 208 848	10 502 268	9 956 420
Total Capital		**25 996 108**	**17 537 788**	**24 220 834**	**10 175 450**
Gearing ratio		52.1%	30.4%	56.6%	2.2%

The gearing ratio deteriorated during the current period as a result of the loss making position of the company. The group has a targeted a gearing ratio of 30.

37.2. Financial risk management

Overview

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Taking risk is core to any financial services business. The company's objective is to achieve an appropriate balance between risk and return.

Risk management is carried out by management, under policies approved by the board. The board approves principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk. The most significant type of risk are credit risk, liquidity and market risk. Market risk includes currency risk and interest rate risk.

Executive management are responsible to identify, monitor, and mitigate risk at all business levels under the policies approved by the smartadvance Proprietary Limited Board.

37.3. Liquidity risk

Liquidity risk is the risk that operations cannot be funded, and financial commitments cannot be met timeously and cost effectively.

Liquidity risk management deals with the overall profile of the consolidated and separate statement of financial position, the funding requirements of the company and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated, and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met.

Loan disbursements

Although longer loan tenures to customers have a positive impact on the revenue and the financial position, the cash is negatively impacted in the short term. To mitigate such impact, mix between longer term loan products and shorter term loan products is managed to balance the net cash flows. smartadvance Proprietary Limited and GetBucks Proprietary Ltd (Eswatini) is strongly weighted towards a short-term lending product.

In an effort to reduce irresponsible borrowing during the COVID-19 pandemic and over indebting consumers, credit scoring criteria to apply for a personal loan was tightened to deal with the shift in data points available and to make effective credit decisions, including introducing psychometric scores.

Loans and advances to customers collections

Collection efficiency rates are used when projecting cash inflows. Efficiency rates are monitored monthly in order to optimise cash flows and based on historical experience. Disbursements will be adjusted in the case of lower than expected collections, since this is managed on a monthly basis.

Cost containment and budgeting

Costs are managed on a daily basis and any variance to budgets are investigated in order to ensure the accuracy of the cash flow simulation models.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.3 LIQUIDITY RISK (CONTINUED)

External debt repayments

External debt repayments are accounted for in the cash flow simulation models. Loans are renegotiated where applicable.

Treasury function

The group treasury department monitors liquidity on a daily basis, to ensure that the company's subsidiaries bank accounts are funded to meet operational requirements. Bank account movements are monitored daily and flagged for any issues requiring attention. Creditors are paid on a monthly schedule.

Debt facilities

The group and company is funded by South African Rand's (ZAR) facilities from its licensor and third parties.The following table shows the undiscounted cash flow on the group's financial assets and liabilities and loan commitments on the basis of their earliest possible contractual maturity. The group's expected cash flows on these instruments may vary from this analysis. Regular updates are provided to the group's financiers so as to ensure that facilities and lines of credit remain open and that loan commitments are not drawn down unexpectedly.

Group

Figures in USD		**Up to 1 month**	**From 1 to 12 months**	**Between 1 and 5 years**	**More than 5 years**	**Total**
At 31 December 2021						
Other financial liabilities	22	-	5 322 926	10 202 937	-	15 525 863
Loans from group companies and related parties	11	-	93 575	2 063 460	-	2 157 035
Lease liabilities	21		105 625	100 377	220 207	426 209
Trade and other payables	20	6 707	935 372			942 079
Bank overdraft	6	15 507	-	-	-	15 507
		22 214	**6 457 497**	**12 366 774**	**220 207**	**19 066 693**

Figures inUSD		**Up to 1 month**	**From 1 to 12 months**	**Between 1 and 5 years**	**More than 5 years**	**Total**
At 31 December 2020						
Other financial liabilities	22	-	4 471 738	1 939 973	-	6 411 710
Loans from group companies and related parties	11	37 433	541 008	54 965	-	633 406
Lease liabilities	21	120 757	138 899	131 448	-	391 104
Trade and other payables	20	2 213 996	60 545	-	-	2 274 541
Bank overdraft	6	30 992	-	-	-	30 992
		2 403 178	**5 212 190**	**2 126 386**	**-**	**9 741 754**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)

37.3 LIQUIDITY RISK (CONTINUED)

Company

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	More than 5 years	Total
At 30 December 2021						
Other financial liabilities	22	-	3 067 129	10 000 000	-	13 067 129
Loans from group companies and related parties	11	-	93 575	1 315 299	-	1 408 874
Lease liabilities	21	-	-	-	-	-
Trade and other payables	20	-	250 085	-	-	250 085
		-	**3 410 789**	**11 315 299**	**-**	**14 726 088**

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	More than 5 years	Total
At 31 December 2020						
Other financial liabilities	11	-	-	-	-	-
Loans from group companies and related parties	21	-	9 885 581	-	-	9 885 581
Lease liabilities	20	-	-	-	-	-
Trade and other payables	6	-	-	-	-	-
		-	**9 885 581**	**-**	**-**	**9 885 581**

Excess liquidity generated within the next twelve months will be reinvested into the Loans and advances to customers and decreases exposure on funding facilities. The group and company critically assess the quality of the Loans and advances to customers through their credit vetting processes.

Detail relating to expected unwinding of the Loans and advances to customers	Group		Company	
	Dec-21	**Dec-20**	**Dec-21**	**Dec-20**
	USD	**USD**	**USD**	**USD**
1 Month	1 055 863	922 359	-	-
2 - 3 Months	1 895 375	1 434 293	-	-
4 - 6 Months	2 561 653	2 141 555	-	-
7 - 12 Months	4 062 285	2 406 807	-	-
> 12 Months	13 088 980	6 133 291	-	-
	22 664 156	**13 038 305**	**-**	**-**

37.4. Market risk

Market risk is the risk that changes in the market prices, such as interest rates and foreign exchange rates, and will affect the fair value and future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall responsibility for managing market risk rests with the directors. Management is responsible for the development of detailed risk management policies (subject to review by the directors) and for the day to day implementation of those policies.

37.5. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. For loans and receivables not recognised at fair value, the fair values have been disclosed in accordance with the fair value hierarchy which reflects the significance of the inputs used to make the measurements.

The group and company's main interest rate risk arises from long-term borrowings which are issued at fixed and variable rates. These expose the group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as the main asset in the group.

Management monitors interest rate risk on a monthly basis. Renegotiation of borrowing facilities are constantly being managed.

The table below indicates all interest-bearing financial borrowings and all interest-bearing financial assets (excluding other receivables and trade and other payables) at fixed rates and variable rates.

37.6. Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Group

		Group		**Company**	
Figures in USD		**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Variable rate instruments:		**-**	**-**	**-**	**-**
Liabilities		-	-	-	-
Loans from shareholder	10	-	-	-	-
Loans from group companies and related parties	11	-	-	-	-
		-	**-**	**-**	**-**
Fixed rate instruments:					
Assets					
Loans to group companies and related parties		2 846 843	1 181 339	811 839	3 130 667
Other financial assets	6	-	2 138 271	-	-
Cash and cash equivalents	9	6 159 350	13 699 049	2 349 531	332 036
		9 006 193	**17 018 659**	**3 161 370**	**3 462 703**
Liabilities					
Loans from group companies and related parties	11	(2 157 035)	(633 406)	(1 408 874)	(453 375)
Other financial liabilities	22	(15 525 863)	(6 411 710)	(13 067 129)	(551 066)
Bank overdraft	6	(15 507)	(30 992)	-	-
		(17 698 405)	**(7 076 108)**	**(14 476 003)**	**(1 004 441)**
Net fixed rate financial instruments		**(8 692 212)**	**9 942 551**	**(11 314 633)**	**2 458 262**


Financial inclusion moves the world closer to democratising access to financial services.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.6 INTEREST RATE PROFILE (CONTINUED)

Company

Figures in USD		**Dec-21**	**Dec-20**
Variable rate instruments:			
Liabilities			
Loans from shareholder	10	-	-
Loans from group companies and related parties	11	-	-
Fixed rate instruments:			
Assets			
Loans to group companies and related parties	11	2 386 394	-
Loans and advances to customers	9	-	-
Cash and cash equivalents	6	764 428	-
		3 150 822	**-**
Liabilities			
Loans from group companies and related parties	11	(3 000 968)	-
Borrowings	22	-	-
Bank overdraft	6	-	-
		(3 000 968)	**-**

Interest rate sensitivity impact on profit or loss on variable rate instruments (excluding cash and cash equivalents):

Group	%	Dec-21	Dec-20
Variable rate instruments:			
Liabilities			
Loans from shareholder	1%	-	-
Loans from group companies and related parties	1%	-	-

Company	%	Dec-21	Dec-20
Variable rate instruments:			
Liabilities			
Loans from shareholder	1%	-	-
Loans from group companies and related parties	1%	-	-

External Funding

Formal debt instruments with non-banking institutions are utilised at fixed and variable interest rates.

Internal Funding Inter-Company

The smartadvance S.A. Group's funding to subsidiaries are at lending rates, which are aligned with South African legislation.

Customer Interest rates

Interest rates on short and long term loans are fixed. Interest rates are regulated and hence, the company have limited ability to change the rates. The company is therefore exposed to increases in funding rates and will benefit from lower funding rates. Various scenarios are simulated taking into consideration, refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the company calculates the impact on profit or loss of a defined interest rate shift. The sensitivity of these interest rate shifts is based on the inter-banking lending rates.

The group and company considers there to be no interest rate risk on fixed interest-bearing assets and liabilities.

37.7. Credit risk

Micro lending

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the company's loans and advances to customers. For risk management reporting purposes, the company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, employer default risk and market risk).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.7 CREDIT RISK (CONTINUED)

The provision of unsecured loans to formally employed individuals is the main activity of the group and company's business. As such, exposure to credit risk and the management of this risk is a key consideration.
Customer credit risk is partly mitigated by the utilisation of payroll collection models. Employment of customers by vetted employers effectively serves as security for loans provided to such customers, since the employer recovers the company loan instalment directly from the customer's salary.

Direct lending customer credit risk is mitigated by the group and company through obtaining client bank statements or payslip to perform affordability assessments. Furthermore, client risk is scored through the use of a credit scoring model which assists in predicting the risk of default of each customer.

All cash and cash equivalents assets are placed with reputable banks. If the banks credit recedes the risk will be assessed, and action taken. The company analyses the return versus risk in these instances as some banks may offer a higher return with a significant risk component.

In extending loans to related parties, shareholders and third parties, the group and company completes a full credit assessment. The company review the annual financial statements, operations, legal and tax status of the borrower. The company also limits the tenor and size of individual debt so that it never poses a material risk to the company. All loans are interest-bearing and recorded at fair value at initial recognition.

Credit risk management

The group bases its credit risk policies on the customers it serves, their employers and methods of collection.

Credit Committees and Credit Policies

The group credit products are governed by the credit policy document aligned to the National Credit Act. The various credit committees meet on a monthly basis. The credit policy is the output document that the various committee reviews and updates on monthly basis. Collections data is reviewed by the committee and analysed. This information is used to adjust the policy in order to reduce bad debt and maximise acceptable levels of disbursements relative to risks. Legislative requirements on changes such as interest, fees, number of loans and affordability are reviewed on a monthly basis and are sourced via regular communication with relevant authorities.

Credit rating grades are evaluated and adjusted based on the risk appetite of the group to specific tolerance levels to reduce credit losses and maximise acceptable levels of disbursements versus risk.

The table below illustrates the rounded maximum and minimum loan amounts advanced to customers, determined by the credit committees taking into account legislative affordability within these ranges:

Loan per product mix – December 2021 (smartadvance Proprietary Limited)

Micro lending	**1 to 12 months**	**13 to 36 months**
	ZAR	**ZAR**
Maximum	15 000	80 000
Minimum	500	1 000

Loan per product mix – December 2020 (smartadvance Proprietary Limited)

Micro lending	**1 to 12 months**	**13 to 24 months**
	ZAR	**ZAR**
Maximum	15 000	20 000
Minimum	500	1 000

Loan per product mix – December 2021 Get Bucks Proprietary Limited (Eswatini)

Micro lending	**1 to 12 months**	**13 to 84 months**
	SZL	**SZL**
Maximum	150 000	350 000
Minimum	500	1000

Loan per product mix – December 2020 Get Bucks Proprietary Limited (Eswatini)

Micro lending	**1 to 12 months**	**13 to 60 months**
	SZL	**SZL**
Maximum	150 000	150 000
Minimum	250	1 000

Loan per product mix – December 2021 TrustGro SCA Ltd (Kenya)

Micro lending	**1 to 12 months**	**13 to 96 months**
	KES	**KES**
Maximum	1 500 000	3 500 000
Minimum	5 000	50 000

Loan per product mix – December 2020 TrustGro SCA Ltd (Kenya)

Micro lending	**1 to 12 months**	**13 to 84 months**
	KES	**KES**
Maximum	1 500 000	2 500 000
Minimum	5 000	50 000

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.7 CREDIT RISK (CONTINUED)

Direct Lending

The group and company provide loans to gainfully employed individuals and rely on collecting loan instalments directly from the customer's bank account, via an electronic debit order, or electronic bank deduction instruction. These payments are affected on the customer's salary date using the Debi-check platform. Customers are assessed in full every time they apply for credit to determine if their credit profile remains acceptable in terms of the credit policies of the group. Clients are also able to repay instalments directly through electronic funds transfer.

Credit Philosophy

The credit philosophy of the group is to place primary emphasis of the credit decision on the borrower's ability to service the loan. It is therefore critical to establish the customer's ability and commitment to service their loan instalment.

A borrower's ability (or affordability) to pay is dictated by their repayment and total existing financial obligation in relation to their net income. The willingness to repay is primarily based on the client's past payment history.

Credit Risk Assessment:

The group and company utilise a risk scoring engine that analyses aggregated 'big data'. The credit scoring engine is configured with the credit policy parameters and is embedded in the system, preventing human intervention which can result in breaches of policy. These models are reviewed monthly and retrained at least quarterly or when a significant market event occurs. The group and company also make use of credit risk cover for its customers which covers the outstanding capital in the event of a customer's loss of income relating to death, temporary and permanent disability, or retrenchment.

Micro loans

Checks:

- Identification Verification
- Electronic Credit Bureau data
- Employer Verification
- Customer affordability Calculation based on source documentation
- Term and proof of employment
- Bank account verification
- Age
- Industry of employment
- Employer
- Previous credit behaviour with the company
- Fifteen thousand points of alternative data

Documentation

- Proof of Identity
- Bank statement
- Payslip
- Loan agreement with Credit Life Policy

All credit approvals are governed by the Credit Policy and product rules are incorporated into the operating system business and decisioning layer.

Employer Risk Assessment:

The group assesses the employer to determine if the employer will be in a position to honour its obligations in terms of the agreement. Criteria that the company uses are as follows:

Checks

- Industry type
- Financial position (3 years signed annual financial statements)
- KYC (know your customer)
- Tax Clearance
- External references
- Any litigation pending

Documentation

- Statutory Documents
- Directors KYC (know your customer)
- Audited Financial Statements

Before loans are granted to customers who are employed by verified employers, the following processes are completed:

Checks

- Identification verification

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

- Employer verification
- Affordability calculation
- Electronic Credit Bureau information
- Bank account verification
- Age

Documentation
- Loan agreement
- Signed bank account deduction instruction in the event of termination of employment
- Signed Credit Life agreement
- Copy of identification document
- Payslip

The main objective to mitigate credit risk lies in the credit granting process and this process is managed in specific procedures in the acquisition process:

- Credit Market Indicators – External credit bureau enquiries are used to establish outright application disqualifying factors such as fraud indicators, insolvency, debt review status as well as external exposure information relating to account handling, balances and client commitments;
- Customer Data Authentication – All core customer data supplied in the application process is vetted automatically against external and independent data sources specifically pertaining to personal details, employment details, customer bank details and customer earning and exposure details. In the absence of automated controls, such validation is performed manually.
- Internal Credit Policy Application – In the final step in the customer credit application, the data is assimilated and passed through the proprietary internal credit application process that provides the final outcome in terms of application status and if provisionally approved the credit limit, appropriate product term, product cost and monthly commitment to the customer.

Collection

When no deduction at source is used, the group follows a philosophy of ensuring timeous collections based on the client's salary date to optimise collection success. There is focus on internal data trends and knowledge with constant monitoring and improvement of the quality of the information database to ensure improved collection success. The group mainly utilises the regulated Debi-check system to collect instalment. Deduction mandates are obtained from customers in their loan contracts and are made from their primary bank account (where the customers salary is deposited).

When collection is unsuccessful, arrears follow up is performed through a systematic process of customer self-help and assisted processes managed by the group's in-house collection department in line with its approved collections strategy.

External Recovery

The group and company's arrears accounts are handed over to selected external debt collectors (EDC) to collect on their behalf. The main objective remains the mitigation of risk and ultimate collection without incurring excessive cost to the either the group and company or the customer.

Sale of Loans and advances to customers

The group and company's arrears accounts are also on a case by case basis considered for sale to third party debt collectors.

Credit monitoring

The group utilises various reporting and monitoring tools to engage in and control ongoing credit risk within the credit life-cycle:

- Real time monitoring on application volumes, approval rates and processing quality;
- Credit efficiency reports to establish first strike collection rates;
- Vintage collection reports to establish the initial recovery process efficiency;
- Credit ageing reports to manage and control loan delinquency and provisioning; and
- Active payment, collection, and integrity trend analysis to control and manage underlying risks and movement within the data operational procedures.

Deduction at Source Lending

The group and company provide loans to gainfully employed individuals that are employed by employers that are vetted by the group and company and that have concluded an agreement with the group.

In terms of these agreements the employer deducts the loan instalments from the customer's salary and disburses these funds to the group and company. Loan size, terms, rates and customer affordability criteria are also agreed with the employer upon engagement. In this instance the group and company mitigate the direct customer risk and gears the risk towards the customer's employer. Employers are assessed on a monthly basis based on their collection's performance.

37.8. Impairment assessment

Definition of default

The group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for expected credit loss ("ECL") calculations in all cases when the borrower has missed four consecutive contractual payments, or the loan becomes 90 days past due.

As a part of a qualitative assessment of whether a customer is in default, the group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the group considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- The customer requesting emergency funding;
- The customer is deceased and there is no credit insurance through the group; or
- The customer (or any legal entity) applying for bankruptcy application/protection;

The group's probability of default estimation process

The group's independent Credit Risk Department operates its internal models which assigns a CD ("Contractual Delinquency") state to each loan at each reporting period. The CD state represents the number of missed payments at each reporting date and this is used in the computation of PDs. The group runs separate models for its key portfolios. The models incorporate both qualitative and quantitative information and, in addition to information specific to the customer, utilise supplemental external information that could affect the customer's behaviour. This information sources are used to determine the probability of defaults ("PD"s). PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Credit risk measurement

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The group measures credit risk using PD, Exposure at Default ("EAD") and Loss Given Default ("LGD").

Expected credit loss measurement

IFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the group;

- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3";
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis;
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information; and
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)

37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(initial recognition)	(Significant increase in credit risk)	(Credit – impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the group in addressing the requirements of the standard are discussed below:

Significant increase in credit risk

The group considers a financial instrument to have experienced a significant increase in credit risk when there is change in the payment behaviour of the clients.

The assessment of significant increase in credit risk ("SICR") incorporates forward-looking information and is performed periodically at individual loan level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the credit department. The group assesses SICR by means of a 30-day non-payment backstop. Additionally, the group employs the following assessments for SICR:

- Loans that have recently caught up arrears are quarantined and monitored as potential risky loans. The quarantine period is calibrated per entity based on experience; and
- The monthly credit committee is required to test the performing (Stage 1) portfolio for any collective or individual signs of SICR. For example, loans granted to small business owners that succumbed to a natural disaster and are expected to default should be moved from Stage 1 to Stage 2 even though not having triggered the backstop. Depending on the severity of the circumstances, loans may be moved to Stage 3 directly.

Additionally, distressed loans (loans that have applied for debt rescue) who have not yet defaulted, are moved to Stage 3.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is discounted product of PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. Cumulative lifetime PD curves are developed based on historic payment behaviour together with PIT macro-economic forecasted adjustments. The group defines 3 possible macro-economic scenarios which yields 3 possible lifetime PD curves.
- EAD is based on the amounts the Group expected to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD is adjusted for prepayment behaviour as well as additional increases in penalty interest in the event of default; and
- LGD represents the Group expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). Stage 1 & 2 loans use LGD1 whereas Stage 3 loans use LGD2 for ECL. LGD1 & LGD2 are both based on historic default and recovery information, adjusted for future macro-economic scenarios. The group defines 3 possible macro-economic scenarios which yields 3 possible LGD1 & LGD2 curves.

The ECL is determined by projecting, for each loan, the PD, LGD and EAD at each remaining future point for the expected lifetime of each asset. Each future point is treated as an incremental step that makes up the total ECL where each point is discounted using the original effective interest rate. The sum of these discounted losses is reported as the ECL for each reporting period.

COVID-19 related ECL

The credit committee approved a specific IFRS 9 ECL raised on clients within the tourism/leisure industry as a result of the impact this industry has suffered as a result of COVID-19. These clients and the industry will be monitored going forward by the credit committee and evaluate if the ECL raised is sufficient or needs to be adjusted to reflect the current state of affairs.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the portfolio.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group team periodically and provide the best estimate view of the economy over the next years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the group also provide other possible scenarios along with scenario weightings. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. Following this assessment, the group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). Portfolio ECL is determined by running each scenario through the relevant ECL model weighted by the appropriate scenario weighting.

Economic variable assumptions

Each loans and advances to a customer is tested for statistical correlation with macro-economic factors from the relevant country where the loan resides. These factors typically include gross domestic product ("GDP"), exchange rates ("FX"), consumer product index ("CPI"), Lending Rate, Unemployment rate, and so forth.

Once the relevant factors are determined, a baseline forecast is constructed with a likelihood of 60% occurrence. The baseline forecast is independently sourced from market analysts and is used as is. Next an up/down scenario with 20% probability is constructed based on the historically observed mean and standard deviation of each factor.

Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

To ensure completeness and accuracy, the group obtains the data used from a team of economists within its Credit Risk Department. The following tables set out the key drivers of expected loss and the assumptions used for the group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the two geographical segments.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Average ECL per product category per stage as at 31 December 2021

Payroll loan advances to customers			Stage ECL %
	1	2	3
South Africa	12.54%	41.82%	45.64%
Eswatini	0.00%	0.00%	0.00%
Kenya	12.74%	10.94%	76.31%

Online loan advances to customers			Stage ECL %
	1	2	3
South Africa	19.82%	28.62%	51.56%
Eswatini	0.00%	0.00%	0.00%
Kenya	0.00%	0.00%	0.00%

Vehicle logbook advances to customers			Stage ECL %
	1	2	3
South Africa	0.00%	0.00%	0.00%
Eswatini	0.00%	0.00%	0.00%
Kenya	0.00%	0.00%	100.00%

Average ECL per product category per stage as at 31 December 2020

Payroll loan advances to customers			Stage ECL %
	1	2	3
South Africa	1.21%	31.78%	75.67%
Eswatini	1.03%	16.94%	88.47%
Kenya	1.89%	66.37%	78.40%

Online loan advances to customers			Stage ECL %
	1	2	3
South Africa	34.84%	42.05%	23.10%
Eswatini	38.62%	17.63%	43.75%
Kenya	0.00%	0.00%	0.00%

Vehicle logbook advances to customers			Stage ECL %
	1	2	3
South Africa	0.00%	0.00%	0.00%
Eswatini	0.00%	0.00%	0.00%
Kenya	0.00%	0.00%	100.00%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

COVID-19 considerations under IFRS 9

IFRS 9 will be thoroughly tested in the next few years while the pandemic is being absorbed into the busines cycle. The reach and effects of COVID-19 are still being discovered but everyone agrees that virtually all parts of a business will be impacted. This does not mean that every industry will endure hardship in the same way, on the contrary many industries have flourished as a direct result of COVID.

Staying with the theme of IFRS 9, the approach with COVID-19 is to anticipate potential future shocks to the economy which can lead to a deterioration of the quality of assets.

The ability of the Credit Team's model to react and prepare for COVID-19 impacts can be characterised by the following four points:

- Each quarter the model recalibrates using the most recent payment behaviour which will incorporate any new trends.
- Macro-economic forecasts are refreshed each quarter and any expectation around the impact of COVID-19 is automatically incorporated in the forward-looking information via these forecasts.
- The model is designed to incorporate qualitative feedback from the various credit departments on a monthly basis, specifically where industries and sectors are analysed and the impact on clients are quantified.
- Finally, the model has been extended to accommodate additional overlays to the ECL outputs by allowing for a sector- based risk adjustment as well as adjustments on loan-by-loan basis. This is conducted in the "COVID Tool" which is owned by local management.

Loans with renegotiated terms

The loans with renegotiated terms are loans that have been restructured due to the deterioration of the financial situation of the borrower. After restructuring the loan, it remains in this independent category of satisfactory performance. During the financial period there were no loans that were renegotiated with clients.

Write-off policy

Financial assets are written off when the entity has no reasonable expectation of recovery.

The group write-off policy states that a loan with a contractual maturity of more than 1 month will be written off after 365 days of non-payment. Loans with a contractual maturity of 1 month are written off after 180 days of non-payment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)

37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Credit risk impacts

The table below lists other financial assets (excluding cash and cash equivalents and Loans and advances to customers) in relation to their past due status.

Group – December 2021	Neither past due nor impaired	Past due but not impaired 1 - 90 days	Past due but not impaired 91 - 360 days	Past due but not impaired >360 days	Impaired	Total
	USD	USD	USD	USD	USD	USD
Other financial assets	502 814	-	-	-	569 831	1 072 645
Loans to group companies and related parties	2 846 843	-	-	-	-	2 846 843
Other receivables	2 283 704	-	-	-	-	2 283 704
	5 633 361	**-**	**-**	**-**	**569 831**	**6 203 192**

Group – December 2020	Neither past due nor impaired	Past due but not impaired 1 - 90 days	Past due but not impaired 91 - 360 days	Past due but not impaired >360 days	Impaired	Total
	USD	USD	USD	USD	USD	USD
Other financial assets	438 868	-	-	-	-	438 868
Loans to group companies and related parties	-	-	-	-	-	-
Other receivables	572 736	15 629	-	-	55 586	643 950
	1 011 604	**15 629**	**-**	**-**	**55 586**	**1 082 818**

Company – December 2021	Neither past due nor impaired	Past due but not impaired 1 - 90 days	Past due but not impaired 91 - 360 days	Past due but not impaired >360 days	Impaired	Total
	USD	USD	USD	USD	USD	USD
Other financial assets	499 796	-	-	-	-	499 796
Loans to group companies and related parties	12 950 132	-	-	-	-	12 950 132
Other receivables	641 945	-	-	-	-	641 945
	14 091 873	**-**	**-**	**-**	**-**	**14 091 873**

Company – December 2020	Neither past due nor impaired	Past due but not impaired 1 - 90 days	Past due but not impaired 91 - 360 days	Past due but not impaired >360 days	Impaired	Total
	USD	USD	USD	USD	USD	USD
Other financial assets	-	-	-	-	-	-
Loans to group companies and related parties	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**

Loans to group companies and related parties are shown at amortised cost and the recoverability of the loans are assessed on a monthly basis by the various credit committees.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Foreign exchange risk

Foreign exchange risk arises when future commercial transaction or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Management has set up a policy to require the company to manage its foreign exchange risk against their functional currency if this risk is realised. At this stage, the company has no significant foreign exchange exposure.

Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product or geographic region. The group and company's credit risk portfolio is well diversified. The group and company's management approach relies on reporting of concentration risk along key dimension and portfolio limits.

Concentration risk limits are used within the group and company to ensure that funding diversification is maintained across products, geographic regions and counterparties

Customer concentration

Group	Single highest customer loans		Top 10 highest loans	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
Loan advances	0.06%	0.03%	0.59%	0.32%

Insurance Risk

Insurance risk is the possibility that the insured event occurs and that benefit payments and expenses exceed the carrying amount of the insurance liabilities. In such event, the group would be contractually required to provide additional capital to maintain the solvency of the investment in the cell captive arrangement.

Insured events are random and the actual number and amount of claims and benefits will vary from year to year. Statistically, the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be.

Similarly, diversification of the portfolio with respect to risk These risks are mitigated through the cell captive arrangements with Guardrisk, which is experienced in the professional insurance and financial management of insurance contracts and has a proven track record that can be relied on. In determining the value of insurance liabilities, assumptions need to be made regarding future rates of mortality and morbidity, termination rates, expenses and investment performance. The investment in insurance assets is more sensitive to the rates of mortality and termination applied in the valuation of the underlying insurance liabilities. The assumptions are informed by Guardrisk's broad and extensive industry level insight and experience and are assessed annually.

The uncertainty of these rates may result in actual experience being different from that assumed and hence actual cash flows being different from those projected. In the extreme, actual claims and benefits may exceed the liabilities. The risk is mitigated to an extent through the extensive use of reinsurance and the addition of compulsory and discretionary margins within the cell captive.

Factors reduces insurance risk. Guardrisk is responsible for evaluating all retention of risks in terms of statistical and underwriting disciplines, under mandate set for the cell arrangement.

Factors specifically applicable to the group that aggravate insurance risk include those arising from a lack of risk diversification in terms of type and amount of risk, geographical area and specific industries covered. The group sells not only credit life insurance products, but also funeral policies which introduces diversification into the portfolio.

The group manages these risk through its agreement with Guardrisk. The main risks to which the group is exposed to include:

- Mortality, and morbidity risks (the risk that actual experience in respect of the rates of mortality and morbidity may be higher than that assumed in pricing and valuation varies, depending on the terms of different products);
- Expense risk (there is a risk that the entity may experience a loss due to actual expenses being higher than that assumed when pricing and valuing policies); and
- Business volume risk (the risk that the entity may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration).
- Business volume risk (the risk that the entity may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration).
- Life underwriting risk (risk include mortality risk, lapse risk, retrenchment risk, life catastrophe risk).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)
37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Discretionary margins are applied where the prescribed compulsory margins are deemed insufficient in a particular case in relation to prevailing uncertainty, specifically where there is evidence of moderate to extreme variation in experience or lack of performance history does not present sufficient claims data to accurately determine the insurance liabilities. The risks arising from the sensitivity of these assumptions are mitigated further through governance and oversight applied by the board of directors.

These risks are mitigated through the cell captive arrangements with Guardrisk, which is experienced in the professional insurance and financial management of insurance contracts and has a proven track record that can be relied on.

In determining the value of insurance liabilities, assumptions need to be made regarding future rates of mortality and morbidity, termination rates, expenses and investment performance. The investment in insurance assets is more sensitive to the rates of mortality and termination applied in the valuation of the underlying insurance liabilities. The assumptions are informed by Guardrisk's broad and extensive industry level insight and experience and are assessed annually.

The uncertainty of these rates may result in actual experience being different from that assumed and hence actual cash flows being different from those projected. In the extreme, actual claims and benefits may exceed the liabilities. The risk is mitigated to an extent through the extensive use of reinsurance and the addition of compulsory and discretionary margins.

Discretionary margins are applied where the prescribed compulsory margins are deemed insufficient in a particular case in relation to prevailing uncertainty, specifically where there is evidence of moderate to extreme variation in experience or lack of performance history does not present sufficient claims data to accurately determine the insurance liabilities. The risks arising from the sensitivity of these assumptions are mitigated further through governance and oversight applied by the board of directors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

37. RISK MANAGEMENT (CONTINUED)

37.8 IMPAIRMENT ASSESSMENT (CONTINUED)

Net debt reconcilation	**Group**		**Company**	
Net debt	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**
Cash and cash equivalents	7 193 377	2 107 279	764 428	332 036
Borrowings - repayable within one year (including overdraft)	(2 394 811)	(1 555 390)	(1 902 101)	(1 004 441)
Borrowings - repayable after one year	(17 682 527)	(5 911 821)	(1 093 142)	-
	(12 883 961)	**(5 359 932)**	**(2 230 815)**	**(672 405)**
Cash and liquid investments	7 193 377	2 107 279	764 428	332 036
Gross debt - fixed interest rates	(20 077 337)	(7 467 211)	(2 995 243)	(1 004 441)
	(12 883 960)	**(5 359 932)**	**(2 230 815)**	**(672 405)**

Group December 2021	**Cash / bank overdraft**	**Borrow due within 1 year**	**Borrow due after 1 year**	**Total**
Opening balance as at 01 Jan 2021	2 107 279	(1 324 563)	(6 111 657)	(5 328 941)
Cashflows	5 086 098	(1 099 307)	(10 257 865)	(7 320 607)
Other non-cash movements	-	46 331	(1 546 233)	(1 499 902)
New terms	-	-	-	-
Impact of currency translation	-	(17 272)	233 229	215 957
	7 193 377	**(2 394 811)**	**(17 682 526)**	**(13 933 493)**

Group December 2020	**Cash / bank overdraft**	**Borrow due within 1 year**	**Borrow due after 1 year**	**Total**
Opening balance as at 01 Jan 2020	883 504	(1 438 083)	(6 202 741)	(6 757 320)
Cashflows	1 223 775	1 069 355	(738 404)	1 554 726
Other non-cash movements	-	(438 880)	(282 214)	(721 094)
New terms	-	(1 019 121)	1 019 121	-
Impact of currency translation	-	271 338	292 417	563 755
	2 107 279	**(1 555 391)**	**(5 911 821)**	**(5 359 933)**

Company December 2021	**Cash / bank overdraft**	**Borrow due within 1 year**	**Borrow due after 1 year**	**Total**
Opening balance as at 01 Jan 2021	332 036	(1 004 442)	-	(672 406)
Cashflows	432 392	(1 001 425)	-	(569 033)
Other non-cash movements	-	103 766	(1 093 142)	(989 376)
Reclassified as held for sale	-	-	-	-
New terms	-	-	-	-
	764 428	**(1 902 101)**	**(1 093 142)**	**(2 230 815)**

Company December 2020	**Cash / bank overdraft**	**Borrow due within 1 year**	**Borrow due after 1 year**	**Total**
Opening balance as at 01 Jan 2020	-	-	-	-
Cashflows	332 036	(978 746)	-	(646 710)
Other non-cash movements	-	(25 695)	-	(25 695)
Debt to equity conversion	-	-	-	-
	332 036	**(1 004 441)**	**-**	**(672 405)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 (CONTINUED)

38. Commitments

	Group		Company	
Amounts in USD	**Dec 2021**	**Dec 2020**	**Dec 2021**	**Dec 2020**
Minimum lease payments due:	105 625	111 936	-	-
Within one year	100 377	279 167	-	-
More than one year and less than five years	220 207	-	-	-
More than five years	-	-	-	-
Total	**426 209**	**391 103**	**-**	**-**

Lease payments represent lease commitments on the various vehicles leased by the group.

39. Directors emoluments and key management

Executive -December 2021

Amounts in USD	**Total**
Directors	117 064

40. Comparative

The comparative period presented for statement of profit and loss, statement of other comprehensive income, statement of change in equity and notes to financial statement for the year ended 31 December 2021 have been stated to conform with the figures in the current period as entities must provide comparative information in respect of the preceding period for all amounts reported in the current period's financial statements.

41. Subsequent events

41.1. COVID-19

The COVID-19 pandemic continued during 2021 and with a significant number of cases The government took positive measures to contain the virus which impacted the nature of economic activity during the pandemic. We have continued to taken a number of measures to monitor and mitigate the effects of COVID-19 including health and safety for our people (such as social distancing and working from home).

The threat of further lock downs remains which could result in further strain to the economy in forth coming year The possibility also remains of further market wide retrenchments increasing, temporary employee layoffs and reduced employee wages leading to reduced cash flows to employees - materially impacting the livelihood of many households.

This has a continued direct impact on the collectability of loans already in issue as the client's ability to meet monthly instalments is placed under pressure. Management previously implemented the necessary measures to support clients through payment holidays and reduced monthly instalments to ensure the collectability of loans, and this will continue should additional waves occur.

The Group, through its fintech offering, can continue operating remotely with all business units able to operate autonomously and remotely, allowing for seamless business continuation.

In an effort to reduce irresponsible borrowing in the current economic climate and over indebting consumers, criteria to apply for a personal loan was been tightened to deal with the shift in data points available and to make effective credit decisions, including introducing psychometric scores.

This has reduced the quantity of applications but has, however, maintained the quality of clients that are able to uphold their credit agreements on a monthly basis

41.2. Tax rate change

For all South African subsidiaries: in February 2021 Treasury announced a change in the corporate tax rate, which would be reduced from 28% to 27% for tax years commencing on or after 1 April 2022.

42. Date of Authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 29 April 2022. No authority was given to anyone to amend the financial statements after the date of issue.

43. Liquidity and solvency.

Management performed a solvency and liquidity test in terms of the companies act with the business being both liquid and solvent for the coming financial year.

Finclusion

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