

Finclusion Group Limited and its subsidiaries

Consolidated and Separate Annual Statements
for the 12 months ended 31 December 2023

(Registration number 180294 GBC)





GENERAL INFORMATION

Country of incorporation and domicile	Mauritius
Nature of business and principal activities	Private holding company that operates in and holds investments in Sub Saharan Africa. Fin is a financial services group with a tech-based service offering that includes financial wellness, embedded credit, insurance and AI-driven credit modelling solutions.
Directors	Executive Timothy Nuy Tonderai Mutesva Non-executive Matsi Modise Preetam Prayag Manuel Koser Lutz Seebacher Leonard Stiegler Ashvin Chundoo
Registered office	c/o Imara Trust Company (Mauritius) Limited 9 th Floor, NeXSky Building Ebene Cybercity 72201 Mauritius
Business address	c/o Imara Trust Company (Mauritius) Limited 9 th Floor, NeXSky Building Ebene Cybercity 72201 Mauritius
Auditor	Nexia Baker & Arenson 5th floor C&R Court 49 Labourdonnais Street Port Louis Mauritius
Bankers	AfrAsia Bank Limited Investec Bank
Company registration number	180294 GBC
Level of assurance	These financial statements have not been audited in compliance with International Standards on Auditing.
Preparer	The annual financial statements were internally compiled by: Finclusion Group Limited
Published	30 April 2024



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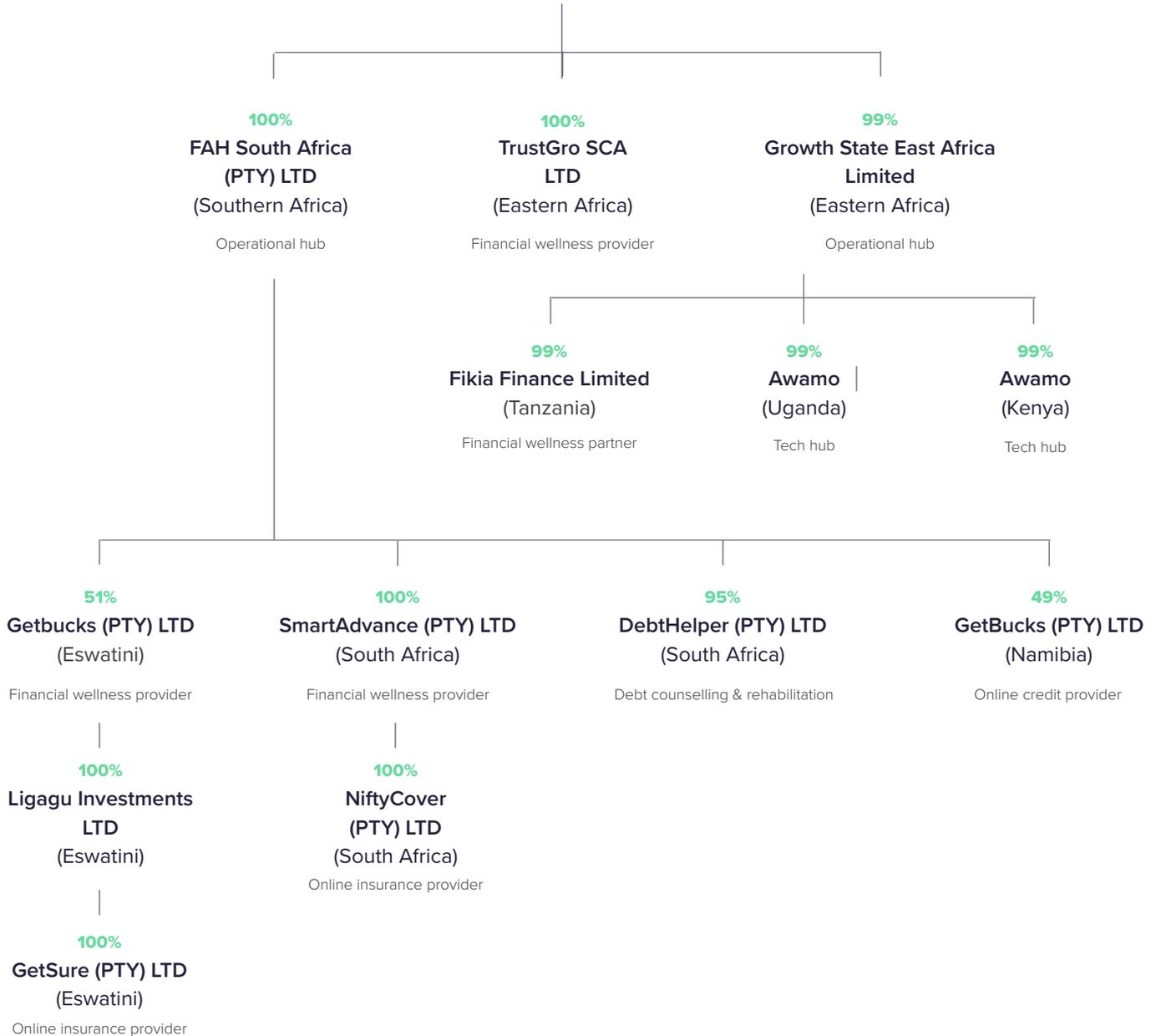


Group Structure



Finclusion Africa Holdings (Mauritius)

Credit-led neobank





Who we are

Finclusion Group Limited (Fin)

Fin is simply smarter finance for everybody. Our competitive edge is a strong brand name backed by a digital and partnership-driven distribution model.

Together with our partners, we provide credit, savings, insurance and more financial wellness products; in a fast, convenient and reliable manner.

credit portfolio includes vehicle purchase loans, housing, medical and BNPL - with a desire to move into savings and cards.



We are changing lives through financial services.

We are building Fin – Africa’s credit-led Neobank

	USDm	YoY %
Gross Loans	24.5	21%
Embedded credit portfolio	6.4	82%
Total revenue	12.6	18%
Embedded credit revenue	2.4	210%

Active in **South Africa, Kenya, and Tanzania.**





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Together with our partners, we provide credit, savings, insurance and more financial wellness products; in a fast, convenient and reliable manner.



>24K
 Active Clients



>180
 Employees

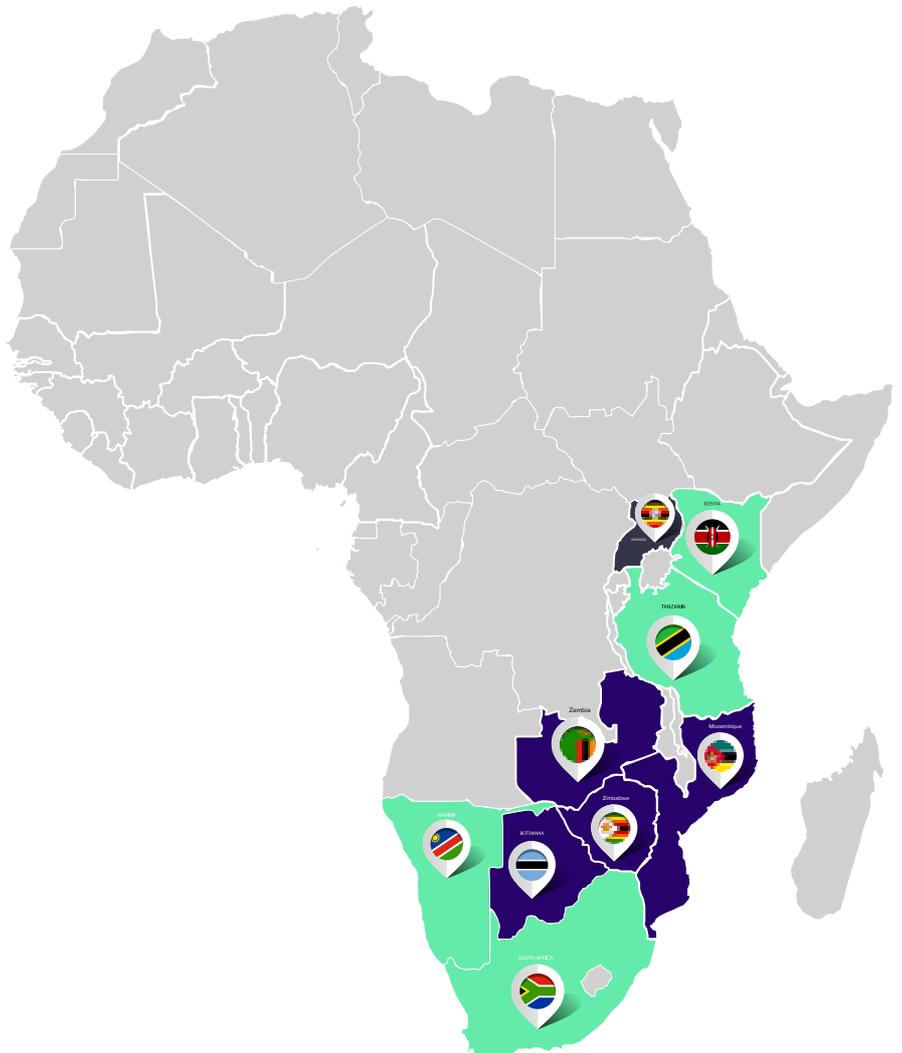


>2,000
 Partners



>\$24.6m
 Loan book

Footprint



5

Lending Operations

Kenya | Tanzania | South Africa
 Eswatini | Namibia

3

Tech Hub

Uganda | Kenya | South Africa

13

Risk Scoring

Active credit risk clients



Our people

Kenya

NUMBER OF EMPLOYEES

69  **37**  **32**

Tanzania

NUMBER OF EMPLOYEES

20  **10**  **10**

South Africa

NUMBER OF EMPLOYEES

77  **24**  **53**

As of December 2023

-  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.





Corporate structure



Matsi Modise
Chairwoman



Timothy Nuy
Co-Founder & Co-CEO



Tonderai Mutesva
Co-Founder & Co-CEO



Ashvin Chundoo
Non-Executive Director



Lutz Seebacher
Non-Executive Director



Leonard Stiegeler
Non-Executive Director



Manuel Koser
Non-Executive Director



Preetam Prayag
Non-Executive Director



Why we do what we do – The driving force behind 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.

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.

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.

Integrity

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

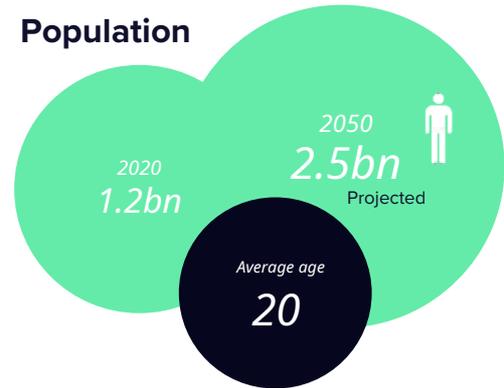


What we are solving



Africa is the fastest growing continent.

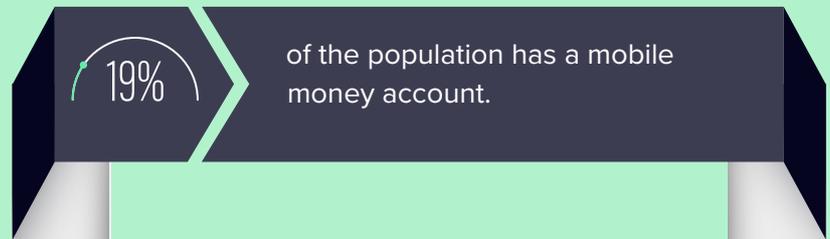
Population



650 million Africans are financially excluded presenting a USD300bn opportunity in closing the Sub-Saharan credit gap.

Africa has the largest opportunity globally to migrate from cash to digital money with digital under 10% of transactions today. Credit is key to unlocking financial inclusion in Africa.

Positive digital momentum



Low credit base





What we are building

Our credit-led approach to building Africa's Neo Banking platform

From lending:



Consumer loans



Earned wage access (EWA)



Asset finance



MSME Lending



Fin Card

To a full-spectrum neobank:



Deposits & High-yielding savings account



Payment wallets



Cross border payments & p2p transfers



Financial education



Insurance

Through a partner 1st distribution strategy:

Partners

Branches

Merchants

Agents

Brokers

Employers

Low-cost Digital Channels

USSD

WhatsApp

Prog. Web App

Online

Apps

Across Kenya, South Africa and Tanzania:

KENYA



SOUTH AFRICA



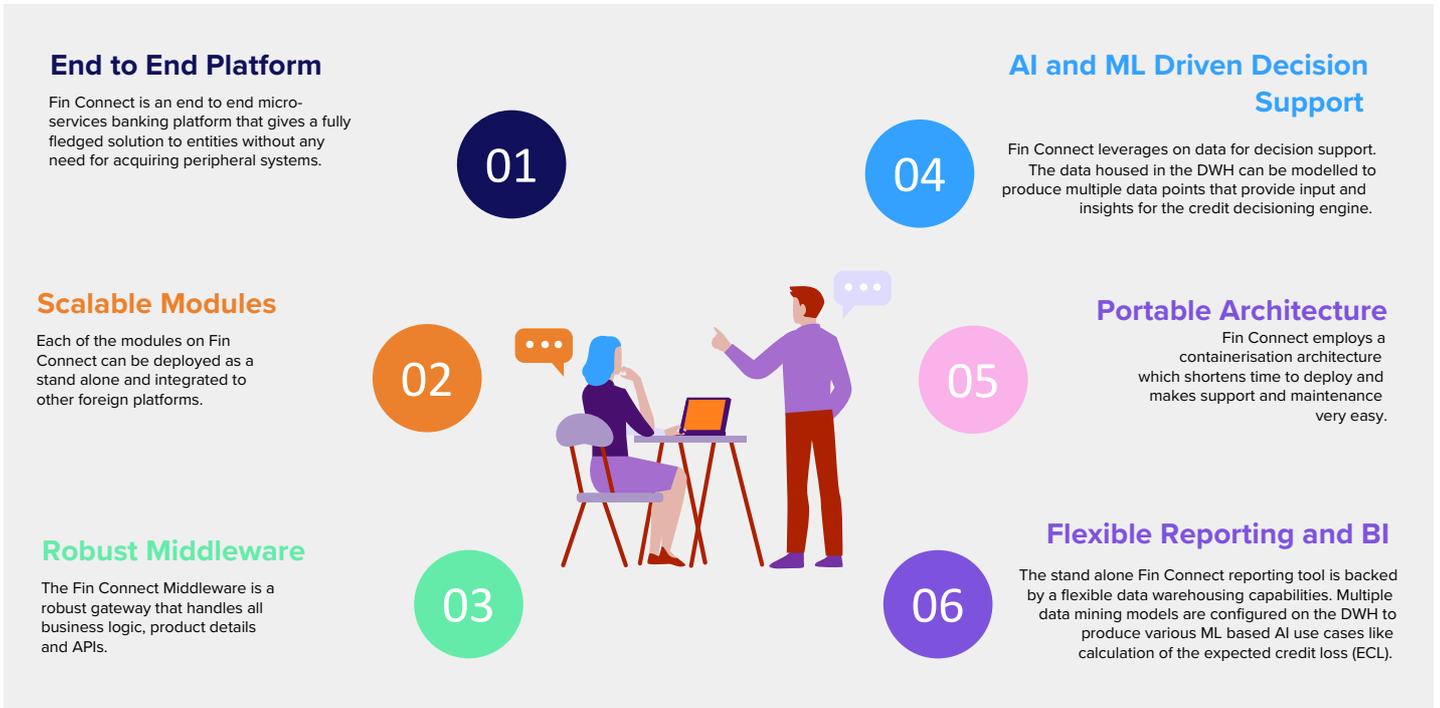
TANZANIA



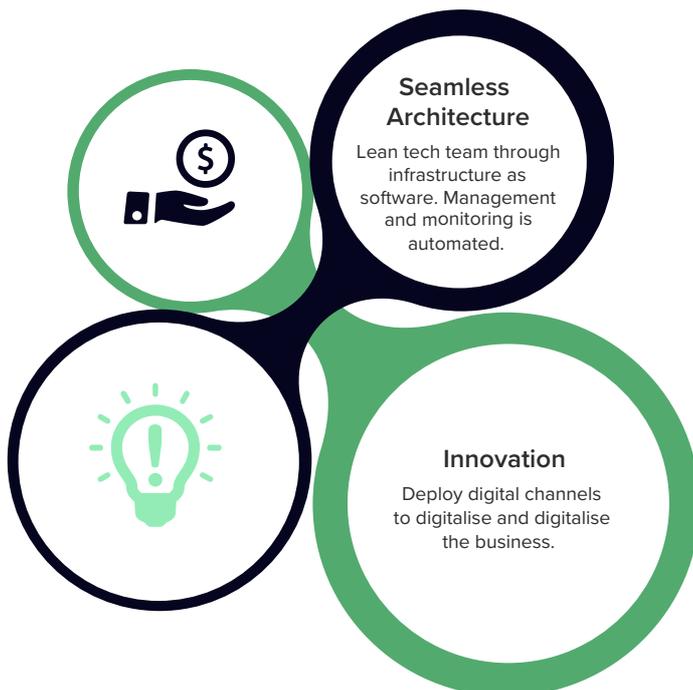


Fin Connect Capabilities

We are providing a core banking solution designed to help any financial institution launch a digital bank.



Value proposition



- 01** Faster deployment. Consolidate and standardise technology stacks including infrastructure deployment.
- 02** Reach out to millions through deployment of digital channels.
- 03** Eliminate systems and infrastructure clutter.
- 04** Automate to reduce number of manual processes.
- 05** Timely production of reports, automated, to reduce reporting inefficiencies.



Social Impact

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



Make the Difference
We Prove It

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 is 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.

No poverty



Quality education



Decent work & economic growth



Reduced inequalities





Corporate structure



Social impact



Miss Tshehla
outside her house

In 2019, Miss Tshehla sought a loan from a bank to complete the construction of her 10-room house. However, the amount approved was insufficient. Subsequently, in April of the same year, she approached Fin Home Loans and was granted a loan of R37,000 for 36 months to help her complete the building structure. She diligently repaid the loan without any defaults. Following this, she reapplied and was granted a loan of R25,000 for 48 months to finance the roofing, which she paid off before the end of the term. Miss Tshehla, a single mother, built her house in the beautiful Moshate village of Sekororo in Tzaneen, Limpopo. She works in Gauteng province as a housekeeper at Promigen, a factory located in Noordheuwel, West Rand of Johannesburg, that produces sweeteners, colors, and fragrances for food.



One of the roads **Jeremiah**
has been contracted to construct

Confronted with the need for startup capital to bolster his road construction endeavors, Jeremiah encountered the challenge of acquiring a vehicle meeting KeNHA specifications. In response, he sought assistance from Fin's asset finance, successfully securing the required vehicle. As Jeremiah ventured further into his road construction projects, he required additional capital for hiring essential machinery such as graders and rollers, as well as covering employee salaries. Fin stepped in with the financial support needed, enabling Jeremiah to complete roadworks in Isiolo county. He notes that whilst his first loan application involved manual submission of loan application forms, he subsequently experienced a seamless transition to an online application process with a quick turnaround, thanks to a top-up loan functionality from Fin. Impressed by the friendly and accommodating nature of Fin's staff, Jeremiah emphasizes the ease of the application process, from form delivery to efficient follow-ups. He appreciates Fin's flexibility in repayment terms, acknowledging the understanding of the unique nature of his job. With the support of Fin, Jeremiah now plans to expand his operations and pursue more tenders for roadworks and is confident in the strong relationship he has built with the company.



Social impact



Ms Taylor-jade
after her surgery.

A heartfelt thank you goes out to the Fin Medical Loans team, who were nothing short of amazing and incredibly helpful right from the start. I had to undergo life-changing surgery on August 28th, and personally, I did not have the funds to cover the expenses upfront.

Upon my doctors' recommendation of Fin Medical Loans as a potential option for obtaining a loan, I immediately looked into it. Within just 48 hours, someone from the team contacted us, requesting the necessary paperwork and answers to some questions, which we promptly provided.

In a matter of weeks, with a series of back-and-forth emails, questions, and valuable advice, I received approval for the loan, and my doctors' bills were settled. The team was exceptionally helpful, and I will forever be grateful that there is a company out there willing to assist in situations like this.



Mr. Samir Said
Africars' Branch Manager

My business has experienced significant growth over the past two years since partnering with Fin Tanzania. To date, Fin Tanzania has financed over 140 cars, giving me the assurance that no eligible customer will ever leave my showroom without a vehicle. Prior to partnering with Fin, our biggest challenge was losing customers who couldn't make full payments for a car due to the lack of a proper repayment collection system. Subsequently, we began collaborating with other financing companies that didn't meet our expectations. As a businessman who values time, we appreciate Fin for consistently delivering on schedule and ensuring our clients receive the requested service without any complications. Whenever a client visits my office seeking car financing, the only place I am delighted and confident to recommend is Fin Tanzania.



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 period to 31 December 2024 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 15 to 17.

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 18 to 86, which have been prepared on the going concern basis, were approved by the board of directors on 30 April 2024 and were signed on its behalf by:

Matsi Modise
Group Chair

Preetam Prayag
Non-executive Director

30 April 2024

30 April 2024



Directors' report

The directors have pleasure in presenting their report together with the unaudited consolidated financial statements for the year ended 31 December 2023.

Incorporation

Finclusion Group Limited ("FGL", "Fin" or "the group") was incorporated on the 16th of June 2021 as a Private Company, limited by shares in the Republic of Mauritius. Company registration number 180294 GBC.

FGL has been licenced as a Global Business Corporation under the Financial Services Act 2007 (License No. GB21026694) by the Financial Services Commission.

Nature of the business

Finclusion Group 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.

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 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, blacklisting 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.

Technology

Fin Connect has invested in an innovative multi-tenant platform built on top of open-source tools, offering a robust architecture alongside an exceptional customer experience. Fineract, by its very nature, can be intricate and demanding to set up, often necessitating expert provisioning and ongoing maintenance. This complexity can pose a significant barrier for many businesses, requiring technical expertise for effective utilization. With Finconnect, we've successfully eliminated these intricate challenges associated with Fineract.

Our solution is centred around a user-friendly platform that simplifies Fineract processes into easily digestible steps for customers. Through our advanced back-office technology, users can effortlessly configure their workflow, assign permissions, and choose the integrations that suit their specific needs, setting us apart in the market. Furthermore, we offer robust team performance monitoring, providing daily reports to management for informed decision-making.

To enhance security, we've implemented a fraud detection module that aggregates data from various integrations. Before a credit decision is made, credit personnel gain access to a comprehensive list of potential frauds detected by the system, conveniently displayed on their dashboard.

Additionally, we've introduced the Fin Pay mini app, a versatile credit facility tool that enables third-party integration, allowing their customers to access financial services from Fin seamlessly. This white-labelled app comes equipped with APIs that integrate with third parties, eliminating the need for additional coding. As a Progressive Web App (PWA), it is cross-platform, functioning even on devices with lower specifications.

Our people

Staff has always and will always be our biggest asset. Our focus is to maintain a motivated and productive workforce. We have spent more time aligning the culture we need to be successful as a business and to drive performance especially through these challenging times.

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.

Having the right people and promoting an appropriate risk culture are critical to the future success of the group. As a result, the group is committed to fostering a culture of risk awareness and transparency.



Strategic overview

Fin's Strategy is centred towards addressing the substantial financial exclusion prevalent across the continent where traditional financial institutions often fall short in providing essential credit facilities to the unbanked or underbanked populace. Recognizing this gap, we are pioneering a credit-focused neo banking model tailored to bridge this disparity.

Our business is currently focused on embedding lending capabilities within diverse ecosystems, spanning trade, automotive, housing, healthcare, construction and beyond. By leveraging our expertise in these sectors, we facilitate access to crucial loans, empowering individuals to invest in education, homeownership, entrepreneurship, and other avenues of personal and economic growth.

Central to our mission is the deployment of cutting-edge technology for swift and remote credit assessment, seamlessly integrated into various consumer touchpoints. We envision an ecosystem where individuals and organizations alike can readily access the financial solutions they need.

The year 2023 was a challenging year, marked by a significant decline in the global business environment, increasing interest rates, high inflation, increase in global oil prices and volatile social political climate affecting both and global economies. The disruptive conditions particularly hit Kenya, with a significant depreciation of the operating currency against the USD as well as South Africa, with political unrest, high exposure to external macro factors and continued load shedding which placed a strain on the economy.

Despite these broad economic challenges, the group managed to achieve significant milestones during the year under review. We have delivered a profitable performance in East Africa and South Africa is expected to follow trend, driving profitability across the group.

Year-on-year interest income demonstrated an impressive 21% increase compared to the year 2022, primarily attributed to the stability and robust expansion of the loan portfolio, and an increase in yields as the Group continues to focus on SME based embedded credit service offering.

Interest expenses on the other hand witnessed a notable 30% year-on-year rise, driven by increasing global interest rates coupled with an increase in the base lending rates in Kenya and South Africa by 43% and 18% respectively.

The year's performance was significantly impacted by foreign exchange losses, as all three operating currencies experienced significant devaluation against the dollar. Specifically, the Kenyan Shilling depreciated by 27%, while the Tanzanian Shilling and South African Rand depreciated by 8%. These fluctuations resulted in a USD 1.7 million loss within the Profit and Loss statement, accompanied by a further reduction in the revaluation of subsidiary assets, particularly the loan books, as these are denominated in local currencies. Consequently, there was a further depletion of foreign currency translation reserves, impacting the Other Comprehensive Income by USD 1.5 million.

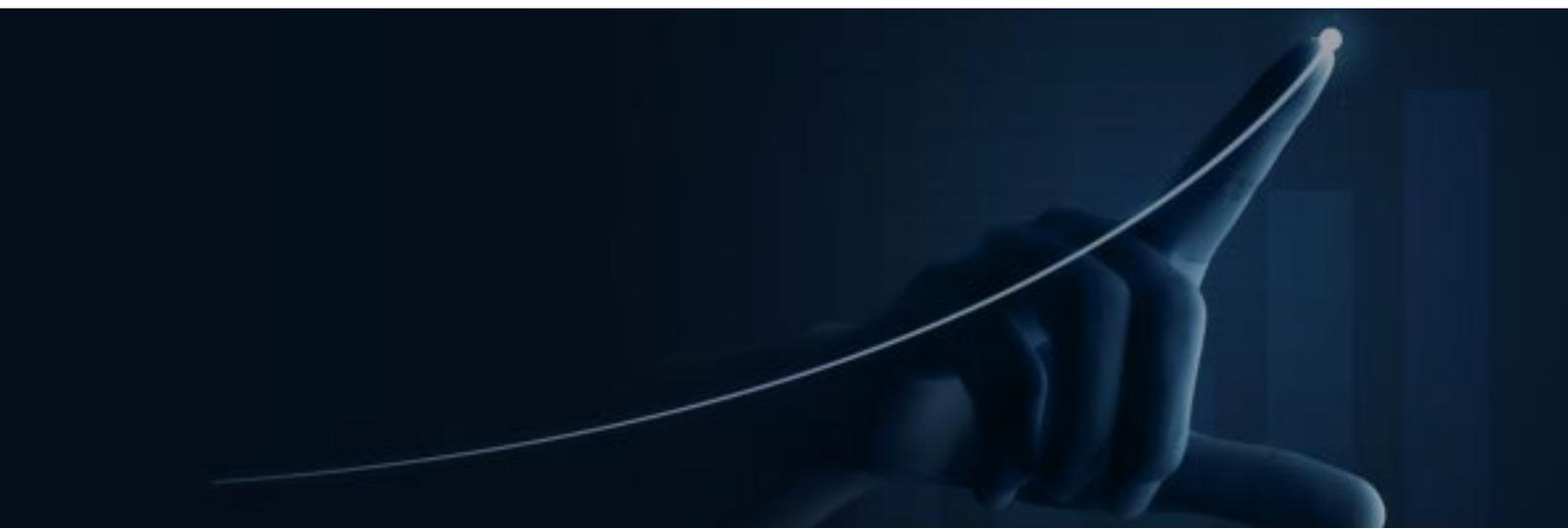
50% of these foreign currency exchange losses have since receded in 2024 due to the strengthening of the Kenyan Shilling against the USD and EUR, setting the pace for economic recovery in the year. The group is also actively engaging with local financial institutions to source more local currency funding, aiming to minimize foreign exchange losses for the year. Initial success has been registered across all markets.

Management continues to actively manage costs, with other operating expenses (exclusive of FX losses), reducing by 9% YoY, whilst staff expenses decreased by 17%.

The Group successfully raised additional funding during the year, which has been deployed to grow our loan portfolio and continue investment in the Fin Connect technology, which is expected to anchor the future growth of the business. Additionally, the Group made strategic investments in entities such as Hillcroft Holdings and Spin Mobile, demonstrating our proactive approach to diversifying revenue streams and capitalizing on emerging market opportunities.

While some fluctuations have been observed in certain balances, the overall stability and resilience of our assets underscore our strong financial position and strategic foresight.

The Group's strategic approach to managing its assets highlights our commitment to maximizing financial growth despite challenges. By effectively utilizing our diverse asset portfolio and actively responding to market dynamics, we are positioning ourselves to navigate uncertainties and seize opportunities for sustained success and value creation.





Directors' report (continued)

Share capital

The issued share capital of the group as at 31 December 2023 constituted of 6,224,759 ordinary shares of USD1.00 each.

Board Composition

The composition of the board during the year to date was as

follows:

Name	Date appointed	Date resigned
Executive		
Timothy Nuy	16 June 2021	
Tonderai Mutesva	27 April 2022	
Non-Executive		
Matsi Modise	31 December 2021	
Manuel Koser	31 December 2021	
Lutz Seebacher	31 December 2021	
Leonard Stiegler	10 January 2023	
Preetam Prayag	16 June 2021	
Ashvin Chundoo	08 May 2023	
Kunal Dwarka	25 August 2022	08 May 2023

Risk management

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

Internal control

The group has set out internal controls which are applied by the board of directors, management, and all levels of personnel in the group to ensure 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.

The finance function of the group implements operatives as per policies approved by 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.

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.

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.

External auditors

Nexia Baker & Arenson was appointed as the external auditors for the group and company for the year ended 31 December 2023.

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 (FGL 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 and 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.

Liquidity and solvency

Management have performed the required liquidity and solvency tests required by the Companies Act of Mauritius with the business being both liquid and solvent for the coming financial year.

Date of Authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 30 April 2024. 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

30 April 2024



CEO Statement

The year 2023 was characterized by a challenging global operating environment, with emerging markets being the most impacted. All our markets experienced some level of foreign currency depreciation and inflationary pressure. The Kenyan Shilling depreciated by 27% against the dollar, while the Tanzanian Shilling and South African Rand depreciated by 8%. Additionally, Kenya and South Africa witnessed significant rises in interest rates, increasing by 43% and 18%, respectively.

The impact of this on our business is that we saw our margins tighten significantly given that our foreign currency debt became more and more expensive, but our loan book yields, which are pegged in local currency remained flat.

Moreover, the overall increase in inflation, along with rises in food and fuel prices, elevated taxes, and increased interest rates, collectively affected customers' purchasing power and credit obligations, leading to a general increase in industry NPLs, and consequently the 2023 impairments.

Despite the challenging global economic landscape, we achieved several notable successes:

- In February 2023, we finalized the acquisition of Thuthukani Housing Finance in South Africa, which we later rebranded to Fin Home Loans, focusing on incremental housing development and increasing the loan book by approximately USD3.85m and revenue by USD1.69m. This acquisition also gave us access to a wide network of building suppliers to offer an embedded credit offering and access to a local funding line from NHFC.
- In March 2023 we reorganized the group and rebranded as Fin, Fin Connect and Fin Ventures. This was important to give us a consistent identity across all our markets, thus allowing us to reduce operational complexity that comes with managing multiple small brands.
- During the same month, Fin's Founders were selected as Endeavor Entrepreneurs. The recognition highlights the company's growth potential and the relevance of its approach to promoting financial inclusion in Sub-Saharan Africa and has provided us a platform to access to strategic networks for mentorship, building partnerships and raising capital.
- In May 2023 we became the first credit only institution to be approved to distribute a South Africa government subsidy for housing, through our Fin Home Loans business.

- In July 2023, Fin Tanzania became the first entity to fully migrate onto the Fin Connect platform, and since then, we have now transitioned Fin Kenya in November 2023 and launched our first South Africa product on this platform in January 2024.
- In the same month, Fin Tanzania was able to raise its first external promissory note, and from that time has generated a strong funding pipeline. This is a business we launched only a couple of years back! Fin Kenya was also able to raise a local bank line in August 2023, and have lined up a strong funding pipeline to fund their budget going forward.
- With the completion of the integration process in south Africa, our businesses are now fully integrated, allowing for streamlined operations, enhanced efficiency, and improved collaboration across departments and functions. Consequently, the financial performance has strengthened, with overall net income improvements. It is anticipated that the South African operations will achieve profits after tax in 2024 mainly on the back of scale benefits as a further ZAR50m facility is committed by the NFHC.

Looking ahead

In 2023, we optimized staffing levels and skill sets to align with business needs. our teams are now appropriately sized and structured to support our growth trajectory effectively.

We are currently in the process of refining Fin Connect to make it ready for deployment into South Africa, and subsequently to all our software customers by the end of Q2:2024.

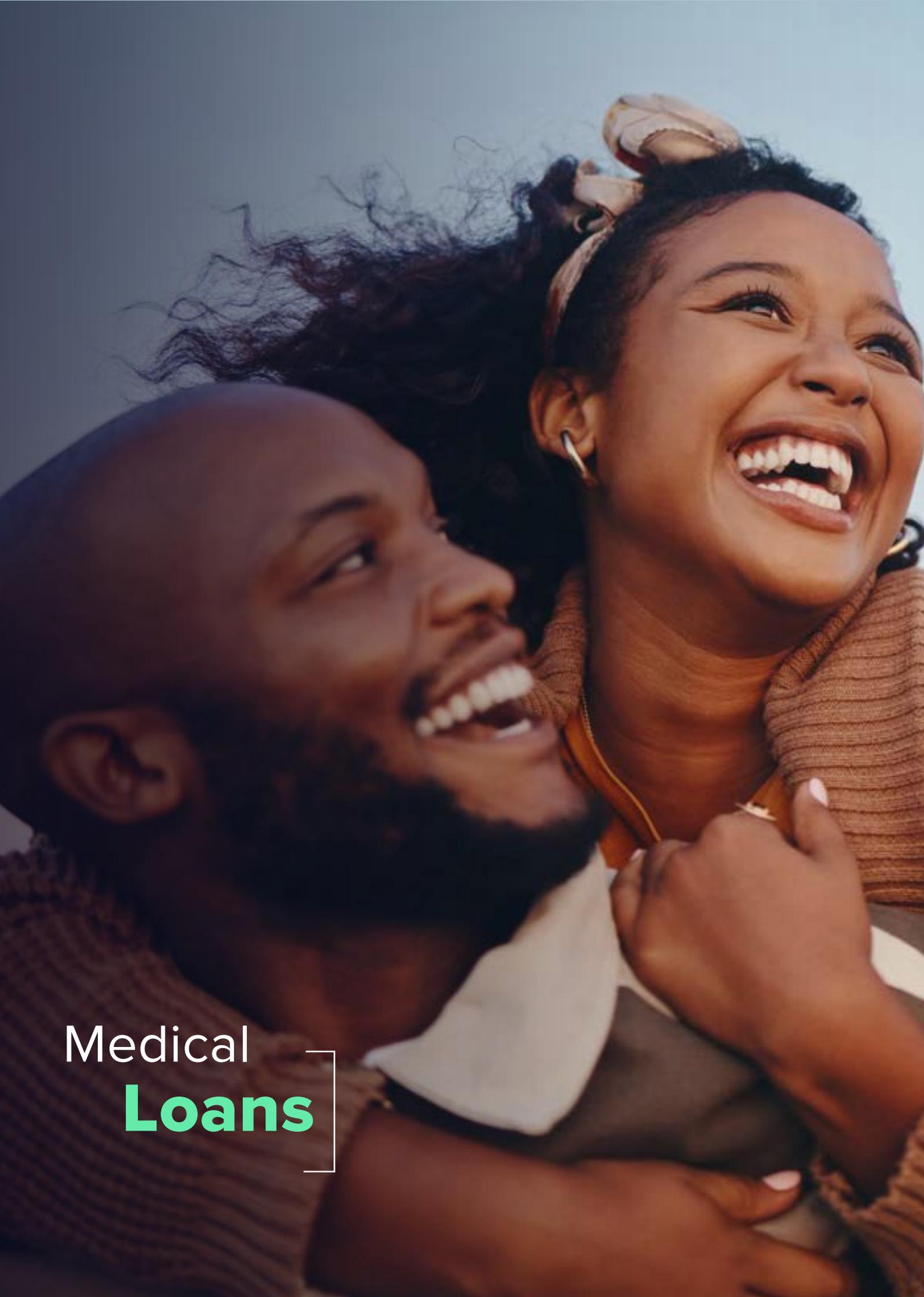
Fin has also finalized implementation of its next generation credit decisioning model, which will allow us to increase our yield whilst retaining strong credit performance in 2024.

With a solid foundation in place, we are now primed for expansion and scaling of our operations. This involves leveraging our integrated infrastructure to capture market opportunities and increase our market share.

In conclusion, 2023 presented its share of challenges, yet we emerged stronger, fuelled by innovation, resilience, and unwavering dedication to our vision. With a solid technological infrastructure and ample funding, we are poised for continued success in the year ahead.

Timothy Nuy and Tonderai Mutesva

Co-CEOs and Co-Founders of the Finclusion Group



Medical
Loans



Consolidated statement of financial position

Figures in USD	Note	Group		Company	
		Dec-23	Dec-22	Dec-23	Dec-22
Assets					
Cash and cash equivalents	6	915,967	2,232,408	2,674	11,505
Other receivables	7	3,069,048	2,202,912	1,826,046	20,530
Loans and advances to customers	9	22,214,407	21,437,679	-	-
Investment in insurance contracts	11	441,909	130,141	-	-
Loans to group companies and related parties	10	3,994,536	2,914,408	5,899,601	5,656,771
Other financial assets	8	3,607,950	624,909	-	622,085
Current tax receivable	22	112,552	217,547	-	-
Right of use Asset	19	360,127	561,320	-	-
Property and equipment	12	230,233	445,667	-	-
Intangible assets	13	2,381,442	1,848,791	-	-
Investments in subsidiaries	14	-	-	15,884,793	14,382,617
Investment in associates	15	110,075	118,302	-	-
Deferred tax	16	2,632,509	2,157,151	-	-
Goodwill	17	4,529,751	4,430,560	-	-
Total assets		44,600,452	39,321,795	23,613,114	20,693,508
Liabilities					
Bank overdraft	6	-	140,420	-	-
Trade and other payables	18	1,565,797	1,596,869	339,034	172,752
Liability in Insurance contract	11	90,371	33,508	-	-
Lease liabilities	19	461,855	602,292	-	-
Loans from group companies and related parties	10	11,482,148	4,516,831	6,390,297	3,647,497
Borrowings	20	18,821,139	15,927,537	351,158	-
Current tax payable	22	124,097	53,500	-	-
Total liabilities		32,545,407	22,870,957	7,080,489	3,820,249
Equity					
Share capital	21	17,067,823	17,067,823	17,067,823	17,067,823
Reserves		(318,596)	709,189	-	-
Retained income		(8,657,168)	(5,192,699)	(535,197)	(194,564)
Total equity attributable to parent		8,092,059	12,584,313	16,532,626	16,873,259
Total equity attributable to non-controlling interest		3,962,985	3,866,525	-	-
Total equity		12,055,045	16,450,838	16,532,626	16,873,259
Total equity and liabilities		44,600,452	39,321,795	23,613,114	20,693,508

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on page 23 to 87 of the financial statements.

The annual financial statements were approved by the board of directors on 30 April 2024 and were signed on its behalf by:

Timothy Nuy
Group CEO

Tonderai Mutesva
Group CEO

30 April 2024

Consolidated statement of profit or loss and other comprehensive income

Figures in USD	Note	Group		Company	
		Dec-23	Dec-22	Dec-23	Dec-22
Interest income calculated using the effective interest method	23	8,528,430	7,068,799	-	-
Other interest and similar income	23	492,088	275,756	877,551	562,495
Interest expense calculated using effective interest method	24	(4,112,130)	(2,959,717)	(640,666)	(269,734)
Net interest income		4,908,387	4,384,838	236,885	292,761
Fee and commission income	25	2,640,326	3,212,274	-	-
Fee and commission expense	25	(468,356)	(715,544)	-	-
Net fee and commission income		2,171,971	2,496,730	-	-
Net trading income		7,080,358	6,881,568	236,885	292,761
Other income	28	1,697,934	2,073,836	176,760	453,466
Impairment losses on loans and advances to customers	26	(2,587,715)	(2,798,445)	-	-
Impairment losses on other financial assets	27	(410,245)	-	-	-
Profit from associates	15	-	-	-	-
Net operating income		5,780,331	6,156,959	413,645	746,227
Personnel expenses	30	(2,919,162)	(3,520,492)	(126,694)	336,804)
Consulting and professional fees	32	(821,696)	(847,865)	(127,707)	(196,076)
Depreciation and amortisation	31	(514,922)	(540,859)	-	-
Other operating expenses	29	(4,741,820)	(3,555,641)	(499,878)	(297,712)
Loss before taxation		(3,272,118)	(2,307,898)	(340,633)	(84,365)
Income tax expense	33	(95,891)	238,813	-	-
Loss for the year		(3,368,008)	(2,069,085)	(340,633)	(84,365)
Other comprehensive income					
<i>Items that will be reclassified to profit or loss</i>					
Transaction with owners in their capacity as owners					
Foreign operations - foreign currency translation differences		-	(291,833)	-	-
Items that will be reclassified to profit or loss - NCI					
Foreign operations - foreign currency translation differences		-	(442,468)	-	-
Total other comprehensive income/(loss) net of tax		-	(734,301)	-	-
Total comprehensive income/(loss) for the year		(3,368,008)	(2,803,386)	(340,633)	(84,365)
Profit or loss attributable to					
Holder of ordinary shares of the Company		(3,368,008)	(2,620,883)	(340,633)	(84,365)
Non-controlling interests		96,460	(182,503)	-	-
		(3,368,008)	(2,803,386)	(340,633)	(84,365)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on page 23 to 87 of the financial statements.

Consolidated statement of changes in equity

Figures in USD	Share capital	Share premium	Change in control	Currency translation reserve	Total reserves	Accumulated earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2022	4,769,713	3,365,884	8,490,218	(1,539,196)	6,951,022	(2,863,649)	12,222,970	4,049,028	16,271,998
Profit / (loss) for the year	-	-	-	-	-	(2,329,050)	(2,329,050)	259,965	(2,069,085)
Other comprehensive income	-	-	-	(291,832)	(291,832)	-	(291,832)	(442,468)	(734,301)
Total comprehensive income / (loss) for the year	-	-	-	(291,832)	(291,832)	(2,329,050)	(2,620,883)	(182,503)	(2,803,386)
Issue of shares	1,455,046	7,477,180	(5,950,000)	-	(5,950,000)	-	2,982,226	-	2,982,226
	1,455,046	7,477,180	(5,950,000)	(291,832)	(6,241,833)	2,329,050	361,343	(182,503)	178,840
Balance as at 31 December 2022	6,224,759	10,843,064	2,540,218	(1,831,028)	709,190	(5,192,699)	12,584,313	3,866,525	16,450,838
Balance as at 1 January 2023	6,224,759	10,843,064	2,540,218	(1,831,028)	709,190	(5,192,699)	12,584,313	3,866,525	16,450,838
Profit / (loss) for the year	-	-	-	-	-	(3,464,469)	(4,492,255)	96,460	(4,395,794)
Other comprehensive income	-	-	-	(1,027,786)	(1,027,786)	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	(1,027,786)	(1,027,786)	(3,464,469)	(4,492,255)	96,460	(4,395,794)
Balance as at 31 December 2023	6,224,759	10,843,064	2,540,218	(2,858,814)	(318,596)	(8,657,168)	8,092,059	3,962,985	12,055,045

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 23 to 87 of the financial statements.



FGL company statement of changes in equity

Figures in USD	Share capital	Share premium	Change in control	Currency translation reserve	Total reserves	Accumulated earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2022	4,769,713	3,365,884	-	-	-	(110,199)	8,025,398	-	8,025,398
Profit / (loss) for the year	-	-	-	-	-	(84,365)	(84,365)	-	(84,365)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	-	(84,365)	(84,365)	-	(84,365)
Issue of shares	6,546,445	2,385,781	-	-	-	-	8,932,226	-	8,932,226
	6,546,445	2,385,781	-	-	-	(84,365)	8,847,861	-	8,847,861
Balance as at 31 December 2022	11,316,158	5,751,665	-	-	-	(194,564)	16,873,259	-	16,873,259
Balance as at 1 January 2023	11,316,158	5,751,665	-	-	-	(194,564)	16,873,259	-	16,873,259
Profit / (loss) for the year	-	-	-	-	-	(340,633)	(340,633)	-	(340,633)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	-	(340,633)	(340,633)	-	(340,633)
Balance as at 31 December 2023	11,316,158	5,751,665	-	-	-	(535,197)	16,532,626	-	16,532,626

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 23 to 87 of the financial statements.



Consolidated statement of cash flow

	Notes	Group		Company	
		Dec-23	Dec-22	Dec-23	Dec-22
Cash flows from operating activities					
Cash generated from / (used in) operations	34	(12,491,418)	(9,027,753)	(717,116)	(41,601)
Interest paid		(4,112,130)	(2,959,717)	(640,666)	(269,734)
Interest received		9,020,518	7,068,799	-	-
Dividends received		-	-	-	-
Tax paid		70,598	(1,000,530)	-	-
Net cash from operating activities		(7,512,432)	(5,919,201)	(1,357,782)	(311,335)
Cash flows from investing activities					
Purchase of property and equipment	12	215,434	(132,140)	-	-
Purchase of intangible assets	13	(532,651)	(1,797,179)	-	-
Purchase/additions right of use asset		201,193	(350,209)	-	-
Payments received on loans with related parties		-	67,564	-	-
Advances made on loans to group companies		-	-	(242,830)	(3,270,377)
Payment for acquisition of subsidiary, net of cash acquired		(2,014,588)	(6,749,966)	-	-
Payments received from other financial liabilities		(311,768)	-	(1,502,176)	(6,749,966)
Net cash from investing activities		(2,442,380)	(2,449,287)	(1,745,006)	(10,020,343)
Cash flows from financing activities					
Proceeds from share issues		-	8,932,225	-	8,932,225
Advances made on finance lease obligations		-	-	-	-
Payments received on finance lease obligations		-	176,084	-	-
Payments received on other financial assets		-	-	-	-
Advances made on other financial assets		(1,080,128)	21,328	-	-
Advances made on other financial liabilities		9,718,499	-	351,158	-
Payments received on other financial liabilities		-	-	-	-
Payments received on loans from group companies		-	-	-	-
Payments received on loans from related parties		-	771,912	2,742,800	646,529
Net cash from financing activities		8,638,371	9,901,549	3,093,958	9,578,753
Net increase in cash and cash equivalents		(1,316,441)	(5,114,710)	(8,830)	(752,923)
Cash and cash equivalents at beginning of year		2,232,408	7,193,377	11,505	764,428
Effect of exchange rate movement on cash and cash equivalents		-	13,321	-	-
Total cash at end of the year	6	915,967	2,091,988	2,674	11,505

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes on page 23 to 87 of the financial statements.



Home
Loans



Notes to consolidated and separate financial statements for the year ended 31 December 2023

1. Preparation of the consolidated financial statements

1.1. Background and purpose of the consolidated financial statements

Background

Finclusion Group Limited (FGL) 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, 9TH Floor, NeXSky Building, Ebene, Cybercity 72201, Mauritius. The principal activities of the Company 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 period.

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



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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 reclassified 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.

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



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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	8 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:

- 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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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 ten years. Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Category	Average useful life
Computer software, other	3-10 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 amortised cost.

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)

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:

- 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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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 and advances to customers, loans to / (from) group companies and related parties, other financial assets, 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, 21, 22)

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.

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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Financial assets (continued)

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.

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").

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 POCL, 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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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. 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:**
When a loan has shown a significant increase in credit risk 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



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

2.6. Cash and cash equivalents

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

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

2.7. 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, at the reporting date.

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 offsets 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.

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.

2.8. 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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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, 3-5 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.

2.9. 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.

Non-current assets and disposal groups are not depreciated (or amortised) while they are classified as held for sale or while they are 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 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 consolidated statement of profit or loss and other comprehensive income.

2.10. 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 willing buyer for the shares.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

2.11. Share capital, equity and other reserves

Share capital

Ordinary shares are classified as equity.

2.12. 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.

2.13. 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.

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.

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.

2.14. 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 its obligation.

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 and realised using the effective interest rate method.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

2.15. Translation of foreign currencies

Functional and presentational currency

The group's consolidated financial statements are presented in United States Dollar ("USD"), 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 USD 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.

2.16. 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.

2.17. 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 on Loans and advances to customers, are recognised as finance costs on other financial assets.

2.18. 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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

2.18 Investment in insurance contracts (continued)

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.

2.19. Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the annual financial statements in the period in which the dividends are approved by the directors.

3. New standards and interpretations

3.1. New and amended standards and interpretations

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 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 and has been effectively adopted.

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

Amendment: Definition of Accounting Estimates, effective 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.

Effective from 1 January 2023 with no material impact expected.

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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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

No impact expected.

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 material impact expected.

Practice Statement 2 – 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 with no material impact expected.

3.2. 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.

Amendments to IAS 1 - Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Effective from 1 January 2024 with no material impact expected on the Company financial statements.

Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Effective from 1 January 2024 with no impact expected on the Company financial statements.

Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Effective from 1 January 2024 with no impact expected on the Company financial statements.

Amendments to IAS 21 -Lack of Exchangeability (Amendments to IAS 21)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. Effective from 1 January 2025 with no impact expected on the Company financial statements.

Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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 estimates were used in the Impairment testing for CGUs containing goodwill. Key assumptions underlying recoverable amounts are disclosed in Note 17.

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 advances 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.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

4.5. 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.

4.6. 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.

4.7. 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.



Vehicle Logbook
Loans



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (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.

Maturity analysis - Group

	Dec-23		Dec-22	
	Current	Non-current	Current	Non-current
Cash and cash equivalents			2,232,408	-
Other receivables			2,202,912	-
Loans and advances to customers			5,603,704	15,833,975
Loans to group companies and related parties			2,914,408	-
Other financial assets			2,824	622,085
Investment in insurance contracts			130,141	-
Current tax receivable			217,547	-
Investment in associates			-	118,302
Properties and equipment			-	445,667
Right of use Asset			-	561,320
Intangible assets			-	1,848,791
Deferred taxation			-	2,157,151
Goodwill			-	4,430,560
Total assets			13,303,944	26,017,851
Bank overdraft			140,420	-
Other payables			1,596,869	-
Liability in Insurance contract			33,508	-
Lease liabilities			105,647	496,645
Financial borrowings			2,299,038	13,628,499
Loans from related parties			2,858,406	1,658,425
Current tax payable			53,499	-
Total liabilities			7,087,387	15,783,569



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Maturity analysis - Company

	Dec-23		Dec-22	
	Current	Non-current	Current	Non-current
Cash and cash equivalents	2,674	-	11,505	-
Other receivables	825,046	-	20,530	-
Loans and advances to customers	-	-	-	-
Loans to group companies and related parties	6,900,601	-	5,656,771	-
Other financial assets	-	-	-	622,085
Investment in insurance contracts	-	-	-	-
Current tax receivable	-	-	-	-
Investments in subsidiaries	-	15,884,793	-	14,382,617
Investment in associates	-	-	-	-
Properties and equipment	-	-	-	-
Right of use Asset	-	-	-	-
Intangible assets	-	-	-	-
Deferred taxation	-	-	-	-
Goodwill	-	-	-	-
Total assets	7,728,321	15,884,793	5,688,806	15,004,702
Bank overdraft	-	-	-	-
Other payables	339,034	-	172,752	-
Liability in Insurance contract	-	-	-	-
Lease liabilities	-	-	-	-
Financial borrowings	351,158	-	-	-
Loans from related parties	5,192,278	1,198,018	2,557,568	1,089,928
Current tax payable	-	-	-	-
Total liabilities	5,882,470	1,198,018	2,730,320	1,089,928



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

6. Cash and cash equivalents

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
Bank balances	915,967		2,674	11,505
Bank overdraft	-		-	-
	915,967		2,674	11,505
Assets	915,967		2,674	11,505
Liabilities	-		-	-
	915,967		2,674	11,505

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:

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
Credit rating				
BBB+			-	-
BBB-			-	-
BB+			2,674	11,505
BB-			-	-
B			-	-
Unrated			-	-
			2,674	11,505

7. Other receivables

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
Financial instruments:				
Other receivables	1,842,355		802,339	-
Sundry receivables	-		-	20,530
External payroll receivables	513,000		-	-
	2,355,355		802,339	20,530
Non-Financial instruments:				
Deposits	-		-	-
Prepayments	459,938		14,457	-
VAT receivable	253,755		-	-
Withholding taxes	-		8,250	-
	713,692		22,707	-
Total trade and other receivables	3,069,048		825,046	20,530

*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 2023 (continued)

8. Other financial assets

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Loans and receivables				
Go Life International Ltd-	313,893	313,893	-	-
Impairment shares in Go Life International Ltd 9,615,384 shares trading at 1 cents a share. During the fair value appraisal in 2020, it was deemed necessary to revalue the investment to less than the market value market value of 1 cents due to a lack of buyers in the open- and private markets.	(310,875)	(310,875)	-	-
Currency translation impact	(390)	(194)	-	-
Tsepo Finance Proprietary Limited	242,315	242,315	-	-
Impairment for financial assets -Tsepo finance Proprietary Limited 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.	(242,315)	(242,315)	-	-
	2,628	2,824	-	-
Fair value through profit and loss				
Financial assets measured at FVTPL as disclosed on the statement of financial position include:				
Hello Technologies (Pty) Ltd	174,585	174,585	174,585	174,585
Impairment of Hello Technologies (Pty) Ltd 17% (6500 Shares) Investment in ordinary shares of Hello Technologies measured at FVTPL	(174,585)	-	(174,585)	-
HappyPay Limited	1,250,000	297,500	-	297,500
25% (6500 Shares) Investment in ordinary shares of Happy Pay Limited measured at FVTPL				
Hillcroft Holdings Limited	952,088	150,000	-	150,000
25.87% (6500 Shares) Investment in ordinary shares of Hillcroft Holdings Limited, and 10,526 Preference Shares, measured at FVTPL				
Spin Mobile Limited				
87.5% Investment in Spin Mobile Limited measured at FVTPL and a Simple agreement for future equity (SAFE) on an additional KES 250,000 invested	1,212,500	-	-	-
Fractal labs (Pty) Limited				
67% (6500 Shares) Investment in ordinary shares of Fractal labs (Pty) Limited, measured at FVTPL	190,733	-	-	-
	3,605,322	622,085	-	622,085
	3,607,950	624,909	-	622,085
Maturity				
Non-current asset	3,605,322	622,085	-	622,085
Current assets	2,628	2,824	-	-
	3,607,950	624,909	-	622,085



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

9. Loans and advances to customers

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
Loans and advances to customers	25,038,756	24,472,715	-	-
ECL of Loans and advances to customers	(2,824,349)	(3,035,036)	-	-
	22,214,407	21,437,679	-	-
Maturity split of loans and advances to customers				
Current		5,603,704	-	-
Non-current		15,833,975	-	-
		21,437,679	-	-

9.1. Loan and advances to customers split by class:

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
1 month		1,723,384	-	-
2 to 6 months		1,383,579	-	-
7 to 12 months		3,064,194	-	-
> 12 months		18,301,558	-	-
		24,472,715	-	-

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

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
1 month		1,019	-	-
2 to 6 months		333,297	-	-
7 to 12 months		233,137	-	-
> 12 months		2,467,583	-	-
		3,035,036	-	-



Notes to the consolidated and separate financial statements as at 31 December 2023 (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 38.6 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 38.6.

Payroll lending

Group – December 2023

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2023(IFRS 9)				
Transfers:				
Transfers from Stage 1 to Stage 2				
Transfers from Stage 1 to Stage 3				
Transfers from Stage 2 to Stage 3				
Transfers from Stage 3 to Stage 2				
Transfers from Stage 3 to Stage 1				
Transfers from Stage 2 to Stage 1				
Financial assets derecognised during the period other than write-offs				
Modification of contractual cash flows of financial assets				
New financial assets originated or purchased				
Write-offs				
Outstanding balance as at 31 December 2023				
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023				
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				
Modification of contractual cash flows of financial assest				
Total net P&L charge during the period				
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				
Write offs				
Loss allowance as at 31 December 2023				



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Payroll lending (continued)

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2022	13,208,520	718,226	893,870	14,820,616
Transfers:				
Transfers from Stage 1 to Stage 2	(304,304)	304,304	-	-
Transfers from Stage 1 to Stage 3	22,339	(22,339)	-	-
Transfers from Stage 2 to Stage 3	(236,194)	-	236,194	-
Transfers from Stage 3 to Stage 2	-	-	(13,931)	-
Transfers from Stage 3 to Stage 1	-	(92,017)	92,017	-
Transfers from Stage 2 to Stage 1	-	5,799	(5,799)	-
Financial assets derecognised during the period other than write-offs	(8,430,311)	(440,714)	(318,761)	(9,189,786)
New financial assets originated or purchased	9,553,157	1,196,514	1,446,444	12,196,115
Modification of contractual cash flows of financial assets	(224,699)	(39,754)	(325,274)	(589,727)
Write-offs	(18,810)	(115,868)	58,253	(76,425)
Impact of currency translation	-	-	-	-
Outstanding balance as at 31 December 2022	13,583,629	1,514,151	2,063,013	17,160,793
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	138,827	205,438	674,577	1,018,842
Movements with P&L impact				-
Transfers:				
Transfers from Stage 1 to Stage 2	(22,515)	22,515	-	-
Transfers from Stage 1 to Stage 3	57	(57)	-	-
Transfers from Stage 2 to Stage 1	(1,519)	-	90,128	88,609
Transfers from Stage 3 to Stage 2	36	-	(36)	-
Transfers from Stage 3 to Stage 1	-	(22,199)	22,199	-
Transfers from Stage 2 to Stage 1	-	920	(920)	-
Changes in PDs/LGDs/EADs	163,173	287,959	548,032	999,164
Modification of contractual cash flows of financial assets	(45,889)	(47,729)	(197,756)	(291,374)
Total net P&L charge during the period	232,169	446,847	1,136,224	1,815,240
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	-	-	-	-
Write offs	-	-	-	-
Impact of currency translation	-	-	-	-
Loss allowance as at 31 December 2022	232,169	446,847	1,136,224	1,815,240



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Embedded credit

Group – December 2023

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2023				
Transfers:				
Transfers from Stage 1 to Stage 2				
Transfers from Stage 1 to Stage 3				
Transfers from Stage 2 to Stage 3				
Transfers from Stage 3 to Stage 2				
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				
Modification of contractual cash flows of financial assets				
Write-offs				
Impact of currency translation				
Outstanding balance as at 31 December 2023				
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2023				
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				
Modification of contractual cash flows of financial assets				
Total net P&L charge during the period				
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				
Write offs				
Loss allowance as at 31 December 2023				



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Embedded credit (continued)

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2022	999,895	91,330	30,154	1,121,379
Transfers:				
Transfers from Stage 1 to Stage 2	(49,214)	49,214	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	(23,109)	23,109	-
Transfers from Stage 2 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(926,756)	(68,221)	(17,486)	(1,012,464)
New financial assets originated or purchased	3,001,426	926,758	531,161	4,459,345
Modification of contractual cash flows of financial assets	(9,949)	-	7,017	(2,932)
Write-offs	-	-	-	-
Impact of currency translation	-	-	-	-
Outstanding balance as at 31 December 2022	3,015,403	975,971	573,954	4,565,328
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	-	-	15,906	15,906
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	88	-	70,807	70,895
	-	-	(10,012)	(10,012)
Changes in PDs/LGDs/EADs	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	3,999	3,999
Total net P&L charge during the period	88	-	80,700	80,788
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	-	-	-	-
Write offs	-	-	-	-
Impact of currency translation	-	-	-	-
Loss allowance as at 31 December 2022	88	-	80,700	80,788



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Online

Group – December 2023

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2023				
Transfers:				
Transfers from Stage 1 to Stage 2				
Transfers from Stage 1 to Stage 3				
Transfers from Stage 2 to Stage 3				
Transfers from Stage 3 to Stage 2				
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				
Modification of contractual cash flows of financial assets				
Write-offs				
Impact of currency translation				
Outstanding balance as at 31 December 2023				
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01 January 2023				
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				
Modification of contractual cash flows of financial assets				
Impact of currency translation				
Total net P&L charge during the period				
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				
Write offs				
Impact of currency translation				
Loss allowance as at 31 December 2023				



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Online (continued)

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2022	1,088,020	291,571	299,493	1,679,084
Transfers:				
Transfers from Stage 1 to Stage 2	(15,064)	15,064	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 3	(143,971)	-	143,971	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	(86,718)	86,718	-
Transfers from Stage 2 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(907,845)	(153,985)	(124,226)	(1,186,056)
New financial assets originated or purchased	346,837	175,690	230,209	752,736
Modification of contractual cash flows of financial assets	(21,288)	(62,896)	(126,590)	(210,774)
Changes in interest accrual	-	-	-	-
Write-offs	-	-	-	-
Impact of currency translation	-	-	-	-
Outstanding balance as at 31 December 2022	346,689	178,726	509,575	1,034,990
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	63,317	99,159	250,817	413,293
Movements with P&L impact				-
Transfers:				
Transfers from Stage 1 to Stage 2	(979)	979	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	(9,634)	-	9,634	-
New financial assets originated or purchased	51,972	117,025	255,711	424,707
Changes in PDs/LGDs/EADs	-	-	-	-
Impact of currency translation	-	-	(16,240)	(16,240)
Total net P&L charge during the period	104,676	217,162	499,922	821,760
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	-	-	-	-
Write offs	-	-	-	-
Impact of currency translation	-	-	-	-
Loss allowance as at 31 December 2022	104,676	217,162	499,922	821,760



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Medical

Group – December 2023

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2023				
Transfers:				
Transfers from Stage 1 to Stage 2				
Transfers from Stage 1 to Stage 3				
Transfers from Stage 2 to Stage 3				
Transfers from Stage 3 to Stage 2				
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				
Modification of contractual cash flows of financial assets				
Write-offs				
Impact of currency translation				
Outstanding balance as at 31 December 2023				
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 01 January 2023				
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				
Modification of contractual cash flows of financial assets				
Impact of currency translation				
Total net P&L charge during the period				
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				
Write offs				
Impact of currency translation				
Loss allowance as at 31 December 2023				

Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Medical (continued)

Gross loans and advances to customers in USD	Stage 1	Stage 2	Stage 3	Total
Outstanding balance as at 1 January 2022	-	-	-	-
Transfers:	-	-	-	-
Transfers from Stage 1 to Stage 2	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(650,364)	-	-	(650,364)
New financial assets originated or purchased	2,044,720	-	317,248	2,361,968
Modification of contractual cash flows of financial assets	-	-	-	-
Changes in interest accrual	-	-	-	-
Write-offs	-	-	-	-
Impact of currency translation	-	-	-	-
Outstanding balance as at 31 December 2022	1,394,356	-	317,248	1,711,604
Expected credit loss allowance in USD	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2022	-	-	-	-
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	-	-	317,248	317,248
Changes in PDs/LGDs/EADs	-	-	-	-
Impact of currency translation	-	-	-	-
Total net P&L charge during the period	-	-	317,248	317,248
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	-	-	-	-
Write offs	-	-	-	-
Impact of currency translation	-	-	-	-
Loss allowance as at 31 December 2022	-	-	317,248	317,248



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Dec-23

Group - Reconciliation:	Payroll	VLB	Medical	Online	Other	Total
Gross Book						
ECL						

Dec-22

Group - Reconciliation:	Payroll	VLB	Medical	Online	Other	Total
Gross Book	17,160,793	1,034,990	4,565,328	1,711,604	-	24,472,715
ECL	(1,815,240)	(821,760)	(80,788)	(317,248)	-	(3,035,036)
	15,345,553	213,230	4,484,540	1,394,356	-	21,437,679

Other consists of transactions costs 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 2023 (continued)

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

Loan to subsidiaries	Group		Company	
Figures in USD	Dec-23	Dec-22	Dec-23	Dec-22
Finclusion Africa Holding Limited	-	-	4,834,369	5,428,774
This loan is unsecured, carries interest at 12% per annum and has no fixed terms of repayment.				
	-	-	4,834,369	5,428,774
Loans to group companies other related parties				
Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
ESW Investment Group limited	1,001,385	900,146	-	-
The loan is unsecured and bears interest at 18% per annum, repayable quarterly with final repayment by 31 August 2022.				
Ecsponent Treasury Services Promissory note	2,432,718	1,726,850	-	-
The loan is unsecured and bears interest at 24% per annum, repayable by 31 August 2022.				
CFSA LOAN	-	-	-	118,387
The loan is unsecured and bears interest at 9% per annum and is repayable in whole or in parts from time to time as and when is called upon to do so.				
Growth State East Africa	-	-	-	109,610
The advance to GSEA is short term in nature and is currently not interest bearing.				
NiftyPay (Pty) Ltd	-	287,412	-	-
The loan is unsecured, bears interest at 12% per annum and has no fixed term of repayment.				
Fin Ventures Limited			1,001,000	-
Fin Connect Limited			108,610	-
Fikia Finance Limited			354,490	-
Smart Advance			112,598	-
Fin South Africa			489,535	-
	4,321,293	2,914,408	2,066,233	227,997
	4,321,293	2,914,408	6,900,601	5,656,771



Related party transactions

Figures in USD	Group Dec-23	Dec-22	Company Dec-23	Dec-22
Interest paid to / (received from) related parties				
Finclusion Africa Holdings Limited		(545,897)	(464,521)	(545,897)
Commonwealth Finance South Africa (Pty) Ltd		(14,358)	(14,358)	(14,358)
Management fees paid to/(received from) related parties				
Finclusion Group Limited (Mauritius)	(156,000)	(156,000)	(156,000)	(75,000)
Other expenses paid to/(received from) related parties				
Admin fees				
Promissory Note Holders		3,807	3,807	3,807
Annual fees				
Promissory Note Holders		11,323	11,323	11,323
Success fees				
Promissory Note Holders		23,000	23,000	23,000



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

Related party relationships

Relationship

Holding company	Finclusion Group Limited
Subsidiaries	Finclusion Africa Holding Limited (Mauritius) Fin Connect Limited (Mauritius) Fin Ventures Limited (Mauritius) Fin South Africa Limited TrustGro SCA Ltd (Kenya) Fikia Finance Limited (Tanzania) FAH South Africa (Pty) Ltd (South Africa) Fin Home Loans (South Africa) Indlu Finance (South Africa) Common-Wealth Finance (Pty) Ltd (South Africa) 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)
Investments held at FVTPL	Hillcroft Holdings Limited (South Africa) Spin Mobile LLC (Kenya) Happy Pay Limited (South Africa) Fractal Labs (Pty) Ltd (South Africa)
Associates	Get Bucks (Namibia) Pty Ltd

Related parties

Subsidiaries of common directorship directors	Majula Investments (Pty) Ltd K2017457016 (South Africa) (Pty) Ltd
Directors and members of key management	Timothy Nuy Tonderai Mutesva Preetam Prayag Ashvin Chundoo Matsi Modise Manuel Koser Leonard Stiegler Lutz Seebacher



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

11. Investment in insurance contracts

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Guardrisk Life Limited Cell No. 00143				
Initial investment		35,247	-	-
Re-measurement of investment in insurance contracts		61,386	-	-
Carrying value of investment insurance contracts		96,633	-	-
Re-measurement of investment in insurance contracts				
Carrying value				
Investment in insurance contract		130,141	-	-
Liability in insurance contract		(33,508)	-	-
Carrying value of investment insurance contracts		96,633	-	-
Re-measurement of investment in insurance contracts				
Net premiums earned		67,103	-	-
Premiums earned		502,069	-	-
Claims costs		(66,941)	-	-
Investment income		9,433	-	-
Fees and commission paid		(87,501)	-	-
Actuarial movements		-	-	-
Taxation		(97,460)	-	-
Transfer to reserves		(3,931)	-	-
Distributions paid to cell shareholders		(260,104)	-	-
Transfer to life fund		(2,388)	-	-
Currency translation impact		1,108	-	-
Closing balance		67,103	-	-

Nifty cover has entered into a cell captive arrangement whereby the company 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.

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

12. Property and equipment

Group	Dec-23			Dec-22		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Figures in USD						
Furniture and fixtures	226,279	(142,858)	83,421	243,073	(125,790)	117,283
Motor vehicles	72,428	(29,670)	42,759	17,736	(9,375)	8,361
Office equipment	89,575	(55,229)	34,346	300,766	(159,481)	141,285
IT equipment	454,006	(495,357)	(41,351)	293,003	(187,374)	105,629
Leasehold improvements	212,135	(101,077)	111,058	230,032	(156,923)	73,109
Total	1,054,423	(824,190)	230,233	1,084,611	(638,944)	445,667

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

Reconciliation of property and equipment Group December 2023

Figures in USD	Opening balance	Depreciation	Additions	Additions through business combinations	Disposals	Impact of currency translation	Total
Furniture and fixtures	117,283	-	-	-	-	-	-
Motor vehicles	8,361	-	-	-	-	-	-
Office equipment	141,285	-	-	-	-	-	-
IT equipment	105,629	-	-	-	-	-	-
Leasehold improvements	73,109	-	-	-	-	-	-
Total	445,667						

Reconciliation of property and equipment Group December 2022

Figures in USD	Opening balance	Depreciation	Additions	Additions through business combinations	Disposals	Impact of currency translation	Total
Furniture and fixtures	77,417	(21,494)	59,965	-	-	1395	117,283
Motor vehicles	10,962	(3,928)	-	-	-	1,327	8,361
Office equipment	141,599	(11,171)	7,405	-	-	3,452	141,285
IT equipment	86,519	(39,418)	56,751	-	(2,802)	4,579	105,629
Leasehold improvements	104,821	(59,095)	8,019	-	-	19,364	73,109
Total	421,318	(135,106)	132,140		(2,802)	30,117	445,667

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

13. Intangible assets

Group

Figures in USD	Dec-23			Dec-22		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software,				-	-	-
Software development	2,917,128	(631,957)	2,285,171	2,045,885	(373,596)	1,672,289
Customer relationships	679,560	(583,289)	96,271	730,351	(553,849)	176,501
Total	3,596,688	(1,215,246)	2,381,442	2,776,236	(927,445)	1,848,791

Reconciliation of intangible assets - Group – December 2023

Figures in USD	Opening balance	Additions	Reclassification	Amortisation	Impact of currency translation	Total
Computer software,	1,672,290	-	-	-	-	
Customer relationships	176,501	-	-	-	-	
Total	1,848,791	-	-	-	-	

Reconciliation of intangible assets - Group – December 2022

Figures in USD	Opening balance	Additions	Reclassification	Amortisation	Impact of currency translation	Total
Computer software, other	22,608	1,797,179	-	(126,326)	(21,171)	1,672,290
Customer relationships	266,673	-	-	(83,791)	(6,381)	176,501
Total	289,281	1,797,179	-	(210,117)	(27,552)	1,848,791



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

14. Interests in subsidiaries including consolidated structured entities

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-23	% holding Dec-22	Carrying amount Dec-23	Carrying amount Dec-22
Finclusion Africa Holding Limited	30-Jun-21	100%	100%	10,327,556	10,327,556
Fractal Labs (Pty) Ltd	30-Jun-21	-	67%		139,764
Common-Wealth South Africa (Pty) Ltd	31-Dec-21	-	81%	3,115,296	3,115,296
Fin Tanzania	31-Dec-22	-	99%	800,000	800,000
Fin SA limited	01-Apr-23	100%	-	391,352	-
Fin Connect Limited	12-Apr-23	100%	-	1,000	-
Fin Ventures Limited	22-Feb-23	100%	-	1,249,588	-
				15,884,793	13,108,301

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

On 30 June 2021 the Group acquired 100% of the shares in Finclusion Africa Holdings Limited, in a common control business combination where the predecessors of Finclusion Africa Holdings Limited became the beneficial owners of Finclusion Group Limited.

On 30 June 2021 the Group acquired 60% of the shares in Fractal Labs (Pty) Ltd and a further 7% of the shares in Fractal Labs (Pty) Ltd on 11 November 2021, from Finclusion Pte.

In 2023, FGL transferred its ownership in Fractal Labs (Pty) to Fin Ventures Limited, an entity incorporated on 22 February 2023 and which FGL owns 100% of its shares.

On 15 December 2021 the Group acquired 55% of the shares in HappyPay (Pty) Ltd, a startup Company whose operations commenced in December 2021. Subsequent issuance of shares to additional shareholders led to a reduction in FGL's shareholding in Happy pay to 25%.

FGL subsequently transferred its ownership in Happy Pay (Pty) to Fin Ventures Limited, an entity incorporated on 22 February 2023 and which FGL owns 100% of its shares.

On 31 December 2021 the Group acquired 81% of the shares in Commonwealth Finance (Pty) Ltd, from QCS Quality consult Service GMBH.

FGL subsequently transferred its ownership in Commonwealth Finance (Pty) Ltd to Fin SA Limited, an entity IT acquired on 01 April 2023 and which FGL owns 100% of its shares.

Fin SA limited (formerly Thuthukani Financial Services (Pty) Limited) holds 80% shareholding in Fin Home Loans (formerly Thuthukani Housing Finance (Pty) Limited) and 100% shareholding in Indlu Finance, all entities incorporated in South Africa.

FGL subsequently transferred its shareholding in Awamo Uganda Limited and Awamo 360 Kenya Limited to Fin Connect Limited, an entity incorporated on 12 April 2023 and which FGL owns 100% of its shares.

On 1 January 2022 the Group acquired the remaining stake (51%) in GSEA and in TrustGro SCA limited, effectively owning 100% of its subsidiaries; Fikia Finance Limited, Awamo Uganda Limited and Awamo 360 Kenya Limited.

The Group exercises control over all the subsidiaries. It has power to appoint key management positions in the company.

Finclusion Group Limited either directly or indirectly through its subsidiaries, influences and effects the returns generated by the subsidiary companies and is entitled to receive the fair portions of the controlled subsidiary profits.

Details of all the subsidiaries within the Group and other related entities are included under Note 10.

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

15. Investments accounted for using the equity method

Group

Figures in USD	Dec-23	Dec-22
Profit for the period from associates	-	(8,230)
	-	(8,230)

Investment in associates - Group

Figures in USD	Dec 23	Dec 22
Opening balance	118,302	134,886
Original cost of 49% interest in Namibian operation	-	-
Adjustments:	-	-
Movement in statement of profit or loss		(8,230)
Fair value adjustment at acquisition through common control transaction	-	-
Foreign currency translation impact	-	(8,354)
Closing balance	-	118,302

SUMMARISED STATEMENT OF FINANCIAL POSITION IN USD

	Dec 23	Dec 22
Cash and cash equivalents	-	98,225
Loan advances to customers	-	102,607
Other financial assets	-	-
Non-financial assets	-	53,543
TOTAL ASSETS	-	254,375
Other financial liabilities	-	5,732
Non-financial liabilities	-	37,671
TOTAL LIABILITIES	-	43,403
TOTAL NET ASSETS	-	210,972



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME IN USD

Figures in USD	Dec 23	Dec 22
Net interest income	-	90,488
Net fee and commission expense	-	28,017
Net trading income	-	118,505
Credit loss expense on customer loan book	-	(12,715)
Credit loss expense on other financial assets	-	-
Other income	-	-
Sales expenses	-	-
Professional Fees	-	(6,586)
Employee costs	-	(50,629)
Depreciation and amortisation	-	(203)
Other operating expenses	-	(36,073)
Loss before taxation	-	12,299
Taxation	-	(6,217)
Loss after taxation	-	6,082
Group's share of profit /(loss) @ 49%	-	2,980

SUMMARISED STATEMENT OF CASH FLOW IN USD

	Dec 23	Dec 22
Cash flows from operating activities	-	42,934
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
	-	42,934



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

16. Deferred taxation

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Deferred taxation asset		2,157,151	-	-
Deferred taxation liabilities		-	-	-
		2,157,151	-	-
Reconciliation of movement in deferred taxation				
Balance at beginning of year		936,389	-	-
Originating and reversing temporary differences on Loans and advances to customers ECL		435,882	-	-
Temporary differences due to provisions		(45,726)	-	-
Assessed loss		882,204	-	-
Acquired through common control transaction		-	-	-
Foreign currency translation impact		(51,598)	-	-
		2,157,151	-	-

Deferred tax assets on accumulated losses that has been raised:

A deferred tax asset of USD 4,326,025 (Dec 2022: USD 4,531,585) has not been recognised on accumulated tax losses of USD 14,294,259 (Dec 2022: USD 16,184,233) for the Group.

17. Goodwill

Group

Figures in USD	Dec-23			Dec-22		
	Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
Goodwill	4,529,751	-	4,529,751	4,430,560	-	4,430,560
	4,529,751	-	4,529,751	4,430,560	-	4,430,560

Reconciliation of goodwill - Group- December 2023

Figures in USD	Opening balance	Total
Goodwill	4,430,560	4,430,560
Additions through business combinations	99,191	99,191
	4,529,751	4,529,751

Reconciliation of goodwill - Group- December 2022

Figures in USD	Opening balance	Total
Goodwill – Opening balance	3,371,689	3,371,689
Acquisition of GSEA	1,058,871	1,058,871
Impact of currency translation		
	4,430,560	4,430,560



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

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 the weighted average cost of capital.

The recoverable amounts for the 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 managements concluded in 2024. The long-term growth rate reflects the country specific consumer price index rate for the five-year forecast period. No impairment was recognised during the year ended 31 December 2023 (2022: 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 management's assessment of future trends and have been based on historical data from both external and internal sources.

	Dec-23 Komo Finance Proprietary Limited	Dec-22 niftycover	Dec-23 Komo Finance Proprietary Limited	Dec-22 niftycover
Trading income growth (%)		17		17
Operating costs (%)		7		9
Discount rate (%)		10.5		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 years 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 management's 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 for the year ended 31 December 2023 (continued)

18. Trade and other payables

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Financial instruments				
Trade payables	115,635	191,877	-	-
Payroll liabilities	63,461	131,939	-	-
Accruals and sundry payables	963,437	803,847	339,034	172,752
Claims reserve	-	14,335	-	-
	1,142,533	1,141,998	339,034	172,752
Non-financial instruments				
VAT payable	35,834	221,706	-	-
Withholding taxes	199,292	233,165	-	-
	235,126	454,871	-	-
Total trade and other payables	1,377,660	1,596,869	339,034	172,752

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

19. Leases

The Group leases a number of branches and premises. The lease typically run for a period of 5 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.

Amounts recognised in the balance sheet:

Group	Dec-23			Dec-22		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	551,498	(191,370)	360,127	616,571	(350,978)	265,593
Equipment				396,909	(101,182)	295,727
	551,498	(191,370)	360,127	1,013,480	(452,160)	561,320

Reconciliation of right of use assets Group December 2023

	Opening balance	Additions	Depreciation	Impact of currency translation	Total
Buildings	265,593				
Equipment	295,727				
	561,320				

Reconciliation of right of use assets Group December 2022

	Opening balance	Additions	Depreciation	Impact of currency translation	Total
Buildings	101,086	316,434	(159,808)	7,881	265,593
Equipment	277,378	20,740	(2,391)	-	295,727
	378,464	337,174	(162,199)	7,881	561,320



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Right-of-use assets				
Buildings	360,127	265,593	-	-
Equipment	-	295,727	-	-
	360,127	561,320	-	-
Lease liabilities maturity				
Current	105,647	105,647	-	-
Non-current	356,208	496,645	-	-
	461,855	602,292	-	-

Amounts recognised in the statement of profit or loss

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Depreciation charge of right-of-use assets				
Buildings		(159,808)	-	-
Equipment		(15,427)	-	-
		(175,235)	-	-
Interest expense:				
Buildings		(13,556)	-	-
Equipment		(601)	-	-
		(14,157)	-	-



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

20. Borrowings

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-22	Dec-23
Lendable	6,277,000	9,000,000	-	-
This loan is secured and bears interest at 13.25% per annum and is repayable by 31 August 2025.				
Mintos Marketplace	3,937,152	2,000,356	-	-
Secured facility from a peer-to-peer lender with variable interest rates (8.5%-12%) and variable tenures matched to the underlying loan tenure				
Bondster Marketplace	1,212,167	589,852	-	-
Secured facility from a peer-to-peer lender with variable interest rates (8.5%-12%) and variable tenures matched to the underlying loan tenure				
Public Service Pension Fund	5,503,510	2,967,943	-	-
Secured against the loan book, interest 2.25% above prime and payable monthly. Capital repayable quarterly from 31 August 2026				
JQGJ	503,351	1,101,071	-	-
The loan is secured, carries interest at 8% + Jibar rate, and is repayable by October 2024.				
Ecobank				
This loan is secured and bears interest at 18% per annum and is repayable by 31 August 2027.				
Promissory note program	779,963	268,315	351,158	-
PN Program				
	18,821,139	15,927,537	351,158	-
Non-current liabilities	Dec-23	Dec-22	Dec-23	Dec-22
At amortised cost	16,197,885	13,628,499	-	-
Current liabilities				
At amortised cost	2,623,254	2,299,038	351,158	-
	18,821,139	15,927,537	351,158	-

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

21. Share capital

Authorised share capital

	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Number of ordinary shares available				
Ordinary no par value shares	6,224,759	6,224,759	6,224,759	6,224,759
Reconciliation of number of shares issued				
Reconciliation of number of ordinary shares available				
Opening balance	6,224,759	4,769,713	6,224,759	4,769,713
Issue of shares - ordinary shares	-	1,455,046	-	1,455,046
	6,224,759	6,224,759	6,224,759	6,224,759
Issued				
Figures in USD				
Opening balance	17,067,823	8,135,597	17,067,823	8,135,597
Issue of shares - ordinary shares	-	1,455,046	-	1,455,046
Share premium raised	-	7,477,180	-	7,477,180
	17,067,823	17,067,823	17,067,823	17,067,823
Other reserves				
Figures in USD				
Change in control reserve	-	2,540,218	-	-
Foreign currency translation reserve	-	(1,831,029)	-	-
	-	709,189	-	-

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

22. Taxation receivable / (taxation payable)

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Taxation paid in advance / receivable	85,880	217,547	-	-
Taxation payable	(85,321)	(53,500)	-	-
	559	217,547	-	-
Reconciliation on movement				
Opening balance	-	104,585	-	-
Income taxation charged for the year	-	(120,199)	-	-
Income taxation charged for the year on discontinued operations	-	-	-	-
Taxation paid	-	179,661	-	-
Taxation received	-	-	-	-
Impact of currency translation	-	-	-	-
Closing balance	-	164,047	-	-

23. Interest revenue

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Interest revenue calculated using the effective interest method				
Loans and advances to customers	8,528,430	7,068,799	-	-
	8,528,430	7,068,799	-	-
Other interest and similar income				
Bank and other cash	3,879	10,199	-	-
Other	488,209	265,557	877,551	562,495
	492,088	275,766	877,551	562,495
	9,020,517	7,344,555	877,551	562,495

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

24. Interest expense

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Interest expense calculated using effective interest method				
Current borrowings	2,294,430	2,011,709	-	-
Related parties and group companies	1,707,416	760,116	640,666	269,734
Shareholder	65,964	119,880	-	-
	4,067,810	2,891,705	640,666	269,734
Other interest and similar expense				
Related parties and group companies	6,504	68,013	-	-
	6,504	68,013	-	-
	4,074,314	2,959,717	640,666	269,734

Other interest consists of additional fees.



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)s

25. Fee and commission income and expense

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Fee and commission income				
Income resultant from loans and advances to customers	2,129,959	2,866,695	-	-
Income resultant from insurance products	510,367	345,579	-	-
	2,640,326	3,212,274	-	-
Fee and commission expense				
Expense resultant from loans and advances to customers	(468,356)	(715,544)	-	-
	(468,356)	(715,544)	-	-
	2,171,971	2,496,730	-	-

26. Credit loss expense on customer loan book

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Credit loss expense on other financial assets	2,587,715	2,798,445	-	-
	2,587,715	2,798,445	-	-

27. Credit loss expense on other financial assets

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Credit loss expense on other financial assets	410,245	-	-	-
	410,245	-	-	-

28. Other income

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Other Income				
Bad debts recovered	-	159,946	-	-
Dividend income	303,193	4,497	-	-
Management fee	64,976	3,054	174,363	156,000
Other income	1,315,371	1,840,851	2,397	297,466
Profit on disposal of Property, plant and equipment	14,394	32,281	-	-
Recovery – Operating Costs	-	33,208	-	-
	1,697,934	2,073,836	176,760	453,466

Other income consists of tech services.



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

29. Other operating expenditure

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Advertising and marketing	125,176	169,693	-	3,089
Bank charges	50,997	45,905	6,944	6,942
Computer expenses	135,144	25,887	-	-
Collection costs	255,206	303,764	-	-
Directors Fees	85,871	70,069	-	-
Hosting and connectivity costs	580,653	510,646	-	-
Insurance	56,346	45,005	19,657	18,853
Lease rentals on operating lease	270,125	202,428	-	-
Loss on sale of investments	-	-	-	-
Motor vehicle expenses	57,734	23,311	-	-
Municipal expenses	24,224	57,708	-	-
Placement fees	24,234	38,011	-	-
General office expenses	129,640	44,494	-	-
Repairs and maintenance	7,735	13,667	-	-
Restructuring costs	-	-	-	-
Sale of loan and advances	-	-	-	-
Security	1,195	2,176	-	-
Staff welfare	139,892	99,478	-	1,250
Subscriptions	237,217	148,083	-	1,000
Travel - local	81,127	123,928	30,455	33,143
Travel - overseas - deductible	53,243	28,944	-	-
Other expenses	2,414,922	1,517,417	442,822	233,435
VAT Expense	11,139	85,027	-	-
	4,741,820	3,555,641	499,878	297,712

30. Employee costs

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Basic	2,703,483	3,273,307	126,694	336,804
Incentives	68,594	80,588	-	-
Company contributions	64,738	93,645	-	-
Leave pay and bonus accrual charge	82,347	72,952	-	-
	2,919,162	3,520,492	126,694	336,804



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

31. Depreciation and amortisation

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Depreciation	126,151	135,106	-	-
Depreciation right of use asset	151,350	175,235	-	-
Amortisation	237,421	230,518	-	-
	514,922	540,859	-	-

32. Consulting and professional fees

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Audit fees	238,288	288,845	19,860	33,750
Consulting fees	508,354	475,611	107,846	146,926
Legal expenses	75,053	83,409	-	15,400
	821,696	847,865	127,706	196,076

33. Taxation

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Income taxation				
Local income tax	54,291	(55,328)	-	-
	54,291	(55,328)	-	-
Deferred taxation				
Originating and reversing temporary differences	-	(183,485)	-	-
	-	(183,485)	-	-
	54,291	(238,813)	-	-

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Reconciliation of the taxation expense				
Accounting loss	(3,147,071)	(2,307,898)	-	(84,365)
Taxation expense at the respective country rates	(325,336)	(322,495)	-	(12,655)
<i>Tax effect of adjustments on taxable income</i>	-	-	-	-
Different tax rates of other countries	35,547	35,547	-	-
Non-deductible expenses	(283,090)	(283,083)	-	125,191
Exempt income	(122,536)	(122,536)	-	(106,087)
Assessed loss for which no deferred tax raised	455,112	453,754	-	(6,449)
Other	-	-	-	-
	(240,304)	(238,813)	-	-

Exempt income consists of insurance income already taxed within the cell captive.

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

34. Cash flow notes

Cash generated from operating activities

Figures in USD	Group		Company	
	Dec-23	Dec-22	Dec-23	Dec-22
Profit/(loss) before taxation		(2,307,898)	(340,633)	(84,365)
Adjustments for:				
Depreciation and amortisation		540,859	-	-
FV gains through P&L		(1,006,382)	622,085	(447,500)
Investment revenue		(7,068,799)	-	-
Interest paid		2,959,717	640,666	269,743
Remeasurement of insurance contracts		10,013	-	-
		(6,872,490)	922,118	(262,131)
Changes in working capital:				
Other receivables		(86,667)	(1,805,516)	69,351
Loans and advances		(2,995,095)		-
Trade and other payables		926,499	166,282	151,179
		(2,155,263)	(1,639,234)	220,530
Cash (used in)/generated from operations		(9,027,753)	(717,116)	(41,601)



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

35. Fair value information

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.

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.

The Group and Company did not hold any assets at fair value by hierarchy level as at 31 December 2023 (2022 : nil)



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

Fair value of financial instruments measured or disclosed at fair value

Group - Dec-23					
	Note	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value
Figures in USD		Level 1	Level 2	Level 3	
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	622,085	622,085
Group - Dec-22					
	Note	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value
Figures in USD		Level 1	Level 2	Level 3	
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	624,909	624,909
Company - Dec-23					
	Note	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value
Figures in USD		Level 1	Level 2	Level 3	
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	622,085	622,085
Company - Dec-22					
	Note	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value
Figures in USD		Level 1	Level 2	Level 3	
Equity investment designated at fair value through profit & loss					
Equity investment	8	-	-	622,085	622,085



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

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-23	Dec-22	Dec-23	Dec-22
Loans to group companies and related parties	10	3,986,267	2,914,408	5,899,601	5,656,771
Other financial assets	8	3,607,950	624,909	-	622,085
Loans and advances to customers	9	22,214,407	21,437,679	-	-
		29,808,624	24,976,997	5,899,601	6,278,856
Liabilities					
Loans from group companies and related parties	10	11,482,148	4,516,831	6,390,297	3,647,497
Other financial borrowings	20	18,821,139	15,927,537	351,158	-
		30,303,287	20,444,368	6,741,455	3,647,497

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 borrowings

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.

Financial instruments by category		Group		Company	
Figures in USD		Dec-23	Dec-22	Dec-23	Dec-22
Financial assets					
Fair value through profit and loss					
Other financial assets		-	622,085	-	622,085
Amortised cost					
Other financial assets	8	3,607,950	2,824	-	-
Loans to group companies and related parties	10	3,986,267	2,914,408	5,899,601	5,656,771
Loans and advances to customers	9	22,214,407	21,437,679	-	-
Trade and other receivables	7	3,069,048	2,202,912	825,046	20,530
Cash and cash equivalents	6	915,967	2,232,408	2,674	11,505
		33,793,639	29,412,316	6,727,321	6,310,891
Financial liabilities					
Amortised cost					
Loans from group companies and related parties	10	11,482,148	4,516,831	6,390,297	3,647,497
Borrowings	20	18,821,139	15,927,537	351,158	-
Lease liabilities	19	461,855	602,292	-	-
Trade and other payables	18	1,377,660	1,596,869	339,034	172,752
Bank overdraft	6	-	140,420	-	-
		32,142,802	22,783,949	7,080,489	3,820,249



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

36. 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 20 & 21, 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.

Figures in USD		Group		Company	
		Dec-23	Dec-22	Dec-23	Dec-22
Lease liabilities	19		602,292		-
Borrowings	20		15,927,537		-
Loans from group companies and related parties	10		4,516,831		3,647,497
			21,046,660		3,647,497
Less: Cash and cash equivalents	6		(2,091,988)		(11,505)
Net debt			18,954,672		3,635,992
Total equity			16,450,838		16,873,259
Total Capital			35,405,510		20,509,251
Gearing ratio			53.5%		17.7%

The group has a targeted a gearing ratio of 300%.



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Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

37. Financial risk management

Overview Financial

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 Group Limited Board.

37.1. 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.

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, a mix between longer term loan products and shorter-term loan products is managed to balance the net cash flows.

Fin South Africa, Fin Tanzania and the embedded credit portion of Fin Kenya's are strongly weighted towards short- term lending product while Fin Kenya's Payroll portfolio is weighted towards longer term tenors.

Collections on loans and advances to customers

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 are 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 from budgets are investigated in order to ensure accuracy of the cash flow simulation models.

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 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.



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

37.1 Liquidity risk (continued)

Group

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	Total
At 31 December 2023					
Borrowings	20				
Loans from group companies and related parties	10				
Lease liabilities	19				
Trade and other payables	18				
Bank overdraft	6				

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	Total
At 31 December 2022					
Borrowings	20	103,668	3,095,683	12,728,186	15,927,537
Loans from group companies and related parties	10	-	1,322,046	3,194,785	4,516,831
Lease liabilities	19	6,548	107,181	488,563	602,292
Trade and other payables	18	-	1,596,869	-	1,596,869
Bank overdraft	6	140,420	-	-	140,420
		250,636	6,121,779	15,843,037	22,215,452

Company

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	Total
At 31 December 2023					
Borrowings	20				
Loans from group companies and related parties	10				
Lease liabilities	19				
Trade and other payables	18				
Bank overdraft	6				

Figures in USD		Up to 1 month	From 1 to 12 months	Between 1 and 5 years	Total
At 31 December 2022					
Borrowings	21	-	-	-	-
Loans from group companies and related parties	10	-	2,557,568	1,089,929	3,647,497
Lease liabilities	20	-	-	-	-
Trade and other payables	19	-	172,752	-	172,752
Bank overdraft	6	-	-	-	-
		-	2,730,320	1,089,929	3,820,249



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

37.1 Liquidity risk (continued)

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	Dec-22	Company	Company
	Dec-23 USD	USD	Dec-23 USD	Dec-22 USD
1 Month		1,055,863	-	-
2 - 3 Months		1,895,375	-	-
4 - 6 Months		2,561,653	-	-
7 - 12 Months		4,062,285	-	-
> 12 Months		13,088,980	-	-
		22,664,156	-	-

37.2. Market risk

Market risk is the risk that changes in the market prices, such as interest rates and foreign exchange rates 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.

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.

Interest rate profile

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



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

Group

Figures in USD		Group	Dec-22	Company	Dec-22
		Dec-23		Dec-23	
Variable rate instruments					
Liabilities					
Loans from group companies and related parties	10	-	-	-	-
Fixed rate financial instruments					
Assets					
Loans and advances to customers	9	22,214,407	21,437,679	-	-
Loans to group companies and related parties	10	3,986,267	2,914,108	5,899,601	5,656,771
Other financial assets	8	-	-	-	-
Cash and cash equivalents	6	915,967	2,232,408	2,674	11,505
		27,116,641	26,584,495	5,902,275	5,668,276
Liabilities					
Loans from group companies and related parties		11,482,148	(4,516,831)	6,390,297	(3,647,497)
Other financial liabilities		18,821,139	(15,927,537)	351,158	-
Bank overdraft		-	(140,420)	-	-
		(30,303,287)	(20,584,788)	(6,751,455)	(3,647,497)
Net fixed rate financial instruments		(3,186,646)	5,999,707	(849,180)	2,020,779

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

Group	%	Dec-23	Dec-22
Variable rate instruments:			
Liabilities			
Loans from shareholder	1%	-	-
Loans from group companies and related parties	1%	-	-
Company			
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 Group's funding to subsidiaries are at lending rates, which are aligned with local legislation.

Customer Interest rates

Interest rates on short and long term loans are fixed. While interest rates are not regulated in Kenya and Tanzania, they are regulated in South Africa and hence, the company has limited ability to change the rates. The company is therefore exposed to increases in funding rates and will benefit from.

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.

Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

37.3. 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).

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 respective countries regulations. 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

Kenya

Payroll	Tenor	2023	Tenor	2022
		Amount KES		Amount KES
Maximum	96	1,500,000	96	1,500,000
Minimum	1	5,000	1	5,000

Embedded credit	Tenor	2023	Tenor	2022
		Amount KES		Amount KES
Maximum	36	3,500,000	36	3,500,000
Minimum	1	100,000	1	100,000

Tanzania

Embedded credit	Tenor	2023	Tenor	2022
		Amount TZS		Amount TZS
Maximum	36	50,000,000	36	50,000,000
Minimum	1	100,000	1	100,000

South Africa

Embedded credit	Tenor	2023	Tenor	2022
		Amount ZAR		Amount ZAR
Maximum	48	100,000	48	100,000
Minimum	1	1,000	1	1,000
Payroll				
Maximum	36	80,000	36	80,000
Minimum	1	500	1	500

Eswatini

ESW Payroll	Tenor	2023	Tenor	2022
		Amount SZL		Amount SZL
Maximum	24	350,000	24	350,000
Minimum	1	500	1	500



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (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)
- Unaudited financial statements

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

Checks

- Identification verification
- 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



Notes to the consolidated and separate financial statements as at 31 December 2023 (continued)

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.



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

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 unlikelihood 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):

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:



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

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 the 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 expects 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.

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. 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.



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

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 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 2023

	Stage ECL %		
	1	2	3
Payroll loan advances to customers			
Kenya	1.51%	26.74%	53.08%
South Africa	0.00%	0.00%	0.00%
Eswatini	2.24%	28.13%	60.28%
Online loan advances to customers			
Kenya	62.57%	58.57%	98.15%
South Africa	0.00%	0.00%	0.00%
Eswatini	0.00%	0.00%	0.00%
Vehicle purchase / logbook loans			
Kenya	0.00%	0.00%	0.00%
Tanzania	0.00%	0.00%	0.00%

Average ECL per product category per stage as at 31

December 2022

	Stage ECL %		
	1	2	3
Payroll loan advances to customers			
Kenya	1.51%	26.74%	53.08%
South Africa	0.00%	0.00%	0.00%
Eswatini	2.24%	28.13%	60.28%
Online loan advances to customers			
Kenya	62.57%	58.57%	98.15%
South Africa	0.00%	0.00%	0.00%
Eswatini	0.00%	0.00%	0.00%
Vehicle purchase / logbook loans			
Kenya	0.00%	0.00%	0.00%
Tanzania	0.00%	0.00%	1.97%

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 for the year ended 31 December 2023 (continued)

37.4. 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. The company mitigates its foreign exchange risk through sourcing for local currency funding and application of effective hedging techniques.

The currency profile of the Company's financial assets and liabilities are summarised as follows:

Currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Dec-23	Dec-23	Dec-22	Dec-22
ZAR	18,198,660	(6,446,382)	18,198,660	(6,446,382)
USD	775,501	-	775,501	-
KES	8,310,132	-	8,310,132	-
UGX	39,888	(132,441)	39,888	(132,441)
TZSX	2,088,135	(321,893)	2,088,135	(321,893)
	29,412,317	(6,900,716)	29,412,317	(6,900,716)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the EUR exchange rate, with all other variables held constant, of the Company's equity (due to changes in fair value of monetary assets and liabilities).

Currency	Increase / (decrease) in foreign exchange rates	Effect on profit before tax and equity	Increase / (decrease) in foreign exchange rates	Effect on profit before tax and equity
	Dec-23	Dec-23	Dec-22	Dec-22
ZAR	18,198,660	(6,446,382)	18,198,660	(6,446,382)
USD	775,501	-	775,501	-
KES	8,310,132	-	8,310,132	-
UGX	39,888	(132,441)	39,888	(132,441)
TZSX	2,088,135	(321,893)	2,088,135	(321,893)
	29,412,317	(6,900,716)	29,412,317	(6,900,716)



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

37.5. 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	loans
	Dec 2023	Dec 2022		
Loan advances	1.35%	0.44%	4.86%	2.21%

Company	Single highest customer loans		Top 10 highest loans	loans
	Dec 2023	Dec 2022		
Loan advances	-	-	-	-

37.6. 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 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 this 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).
- Life underwriting risk (risk include mortality risk, lapse risk, retrenchment risk, life catastrophe 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.

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

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.

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 for the year ended 31 December 2023 (continued)

Net debt reconciliation	Group		Company	
Net debt	Dec-23	Dec-22	Dec-23	Dec-22
Cash and cash equivalents		2,232,408		11,505
Borrowings - repayable within one year (including overdraft)		(5,297,864)		(2,557,568)
Borrowings - repayable after one year		(15,286,924)		(1,089,928)
		(18,352,380)		(3,635,992)
Cash and liquid investments		2,232,408		11,505
Gross debt - fixed interest rates		(20,584,788)		(3,647,497)
		(18,352,380)		(3,635,992)
Group December 2023	Cash / bank overdraft	Borrow due within 1 year	Borrow due after 1 year	Total
Opening balance as at 01 Jan 2023	2,091,988	(5,157,454)	(15,286,924)	(18,352,380)
Cashflows				
Other non-cash movements				
Impact of currency translation				
Group December 2022	Cash / bank overdraft	Borrow due within 1 year	Borrow due after 1 year	Total
Opening balance as at 01 Jan 2022	7,193,377	(2,625,638)	(17,482,690)	(12,914,951)
Cashflows	(5,114,710)	(2,531,816)	2,195,766	(5,450,760)
Other non-cash movements	-	-	-	-
Impact of currency translation	13,321	-	-	13,321
	2,091,988	(5,157,454)	(15,286,924)	(18,352,380)
Company December 2023	Cash / bank overdraft	Borrow due within 1 year	Borrow due after 1 year	Total
Opening balance as at 01 Jan 2023	11,505	(2,557,568)	(1,089,928)	(3,635,992)
Cashflows				
Other non-cash movements				
Impact of currency translation				
Company December 2022	Cash / bank overdraft	Borrow due within 1 year	Borrow due after 1 year	Total
Opening balance as at 01 Jan 2022	764,428	(1,902,101)	(1,093,142)	(2,230,815)
Cashflows	(752,923)	(655,467)	3,213.54	(1,405,177)
Other non-cash movements	-	103,766	-	(989,376)
	11,505	(2,557,568)	(1,089,928)	(3,635,992)



Notes to the consolidated and separate financial statements for the year ended 31 December 2023 (continued)

38. Directors emoluments and key management

Executive -December 2023

Amounts in USD	Emoluments	Bonusses	Total
Directors	370,344	-	370,344

Executive – December 2022

Amounts in USD	Emoluments	Bonusses	Total
Directors	370,344	-	370,344

39. Comparative

The comparative period presented for statement of profit and loss, statement of other comprehensive income, statement of changes in equity and notes to financial statement for the year ended 31 December 2022 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.

40. Date of Authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 30 April 2024. No authority was given to anyone to amend the financial statements after the date of issue.

41. Liquidity and solvency.

Management performed a solvency and liquidity test in terms of the companies act 71 of 2008 with the business being both liquid and solvent for the coming financial year.

42. Subsequent events

There have been no other material events after the end of the reporting date which would require disclosures of adjustments to the financial statements for the year ended 31 December 2023.

(Registration number 180294 GBC)

Consolidated and Separate Annual Statements
for the 12 months ended 31 December 2023

