

About the Ecsponent Group

Who we are

We are an African financial services group, diversified by our operational footprint and the spread of industries in which we invest. The Group's focus is on quality investments in niche industries with innovative value propositions that have high barriers to entry.

Operationally, the Ecsponent Group creates wealth by investing in companies that offer a range of niche

financial services in South Africa and Africa, offering targeted investment services, credit solutions and enterprise development initiatives that improve financial inclusion for SMEs. We balance the short-term cash generative operational activities through our Equity Holdings business unit, which invests in listed and private equity with a longer-term investment horizon.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions.

Today, we're an African financial services group with core activities in four African countries and a spread of investments across multiple territories, currencies and investment sectors.

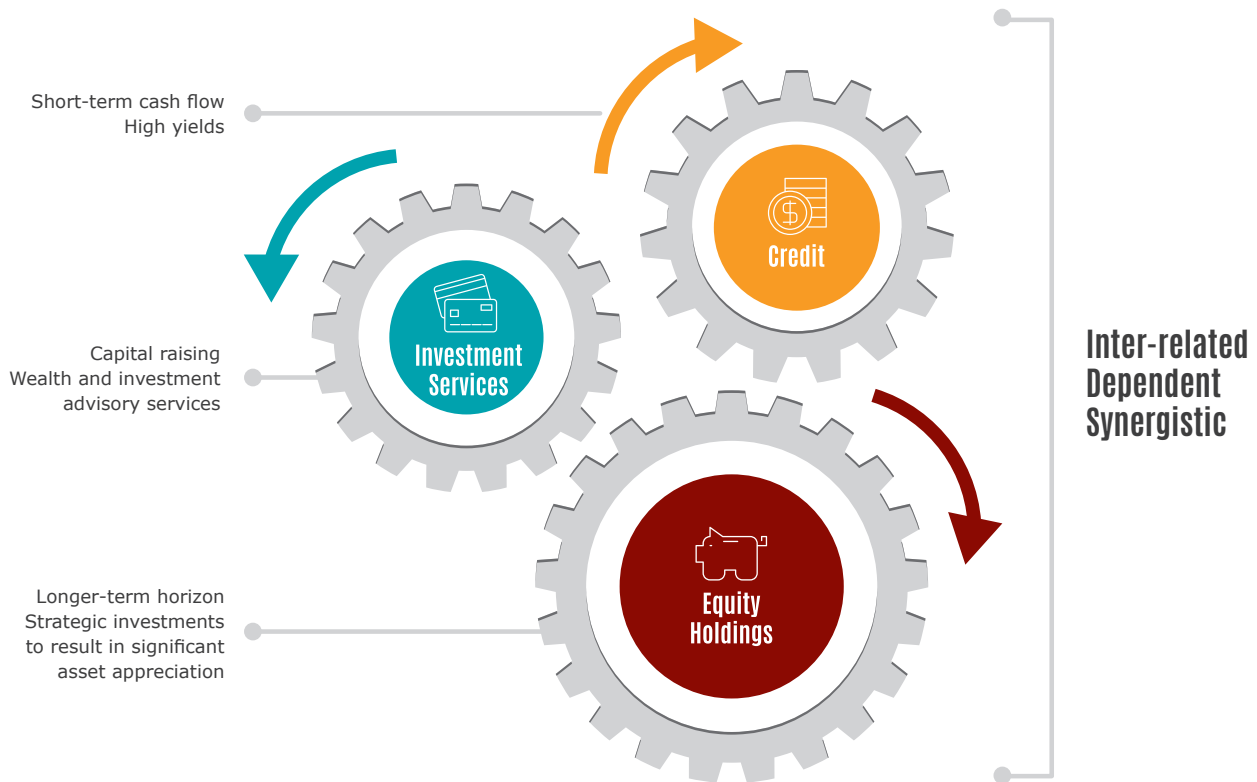
Our investment mix and experienced management team have built a strong track record through organic growth, mergers and acquisitions, and corporate actions since 2011:

- Consistent management team with proven deal-making ability
- Focused approach on niche opportunities, underpinned by financial services
- Steady high-growth of assets

Our business model

Ecsponent finds opportunities to invest in markets, industries, or technologies that produce products and solutions that satisfy consumers' latent needs or to create markets where none existed before. To do this, while generating sustainable returns, our business model distinguishes between operational investments and strategic longer-term investments.

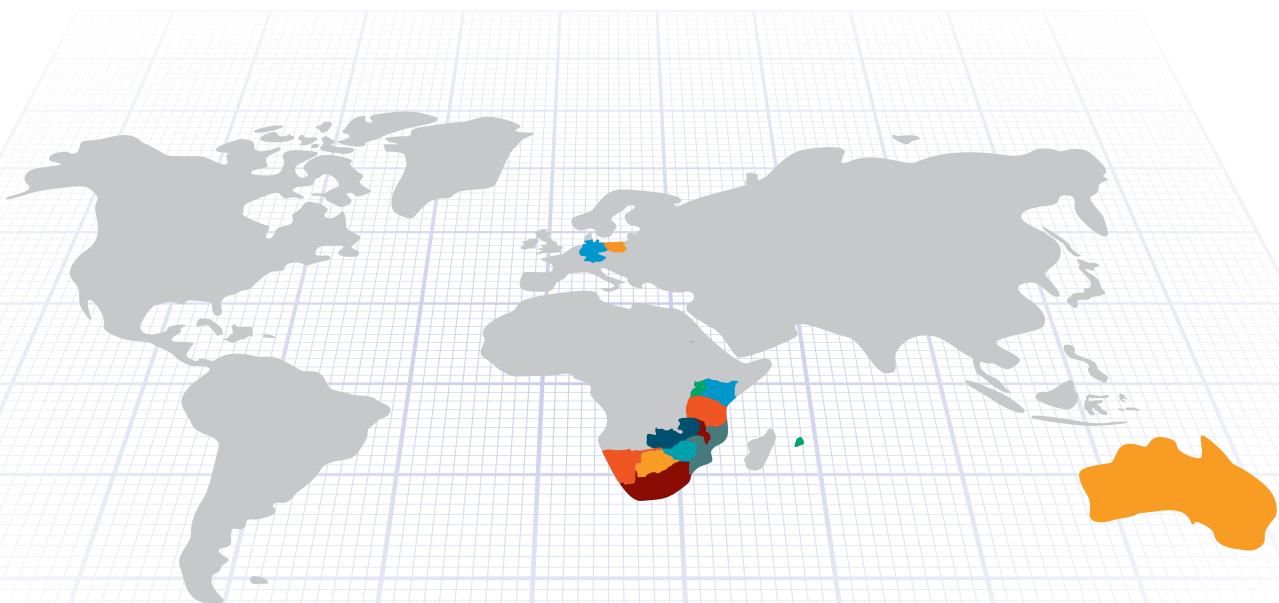
- Operationally, we **invest in and develop financial services solutions and products** with strategic differentiation and competitive advantage in their respective markets. These investments and operations provide us with short-term liquidity and cash flow.
- To match the **horizons of our assets and liabilities and secure our future wealth generating abilities**, we own strategic investment holdings that meet our investment criteria that offer exceptional asset appreciation potential and balance our short-term assets with longer-term investments.
- The Group offers a **distribution footprint through its various own operations**, which provides a strategic asset and springboard into southern Africa, for both investors and third party financial product suppliers.
- We secure **adequate and appropriate funding for the Group**, using the strength of our balance sheet and through our JSE-listed preference share and bond programmes targeting retail and institutional investors.
- Our philosophy is to run a **small, cost-effective corporate office** with divisional management taking responsibility for daily operations. Our flat management structure ensures agile decision-making and low overhead cost structures.
- We are **continuously looking to grow our spread of investments** in targeted areas that will accelerate technological change to unlock new opportunities for consumers and businesses in high-growth sectors.



Footprint and distribution

We operate across Southern Africa, with offices in Botswana, Swaziland, Zambia and in five provinces in South Africa. We offer similar products and services - Investment Services and Credit - in all countries of operation, with variations as required by local regulations. Our regional presence provides a platform for efficient service, improved ability to respond to market needs and greater client satisfaction.

Our equity investments are spread across Africa, Europe and Australia and diversified across multiple currencies and market sectors to mitigate risk.



Group activities: Operations and investments

Operations

Our operations are centered around the provision of financial services in areas where traditional financial services providers are unable to satisfy the needs of businesses and consumers. These Credit and Investment Services business units fuel the Group's liquidity by generating consistent cash flow from operations.



Credit

Through a combination of secured finance, logistics and procurement support, skills development and training, we support different business sectors, including:

- Emerging businesses and individuals
- Small & Medium Enterprises (SME)
- Large corporate businesses
- Green project developers

By providing solutions like:

- SME credit
- Enterprise development
- Specialist procurement and logistics



Investment Services

Capital is raised via Ecsponent's R5 billion JSE-approved preference share programme and similar linked-loan unit programme in Swaziland.

Additionally, this unit leverages the infrastructure of the Group's financial services footprint and broker network to provide other financial and investment products and services to the client base.

- Umbrella funds
- Preservation funds
- Unit trusts
- Life products
- Annuities
- Endowments
- Tax-free savings accounts



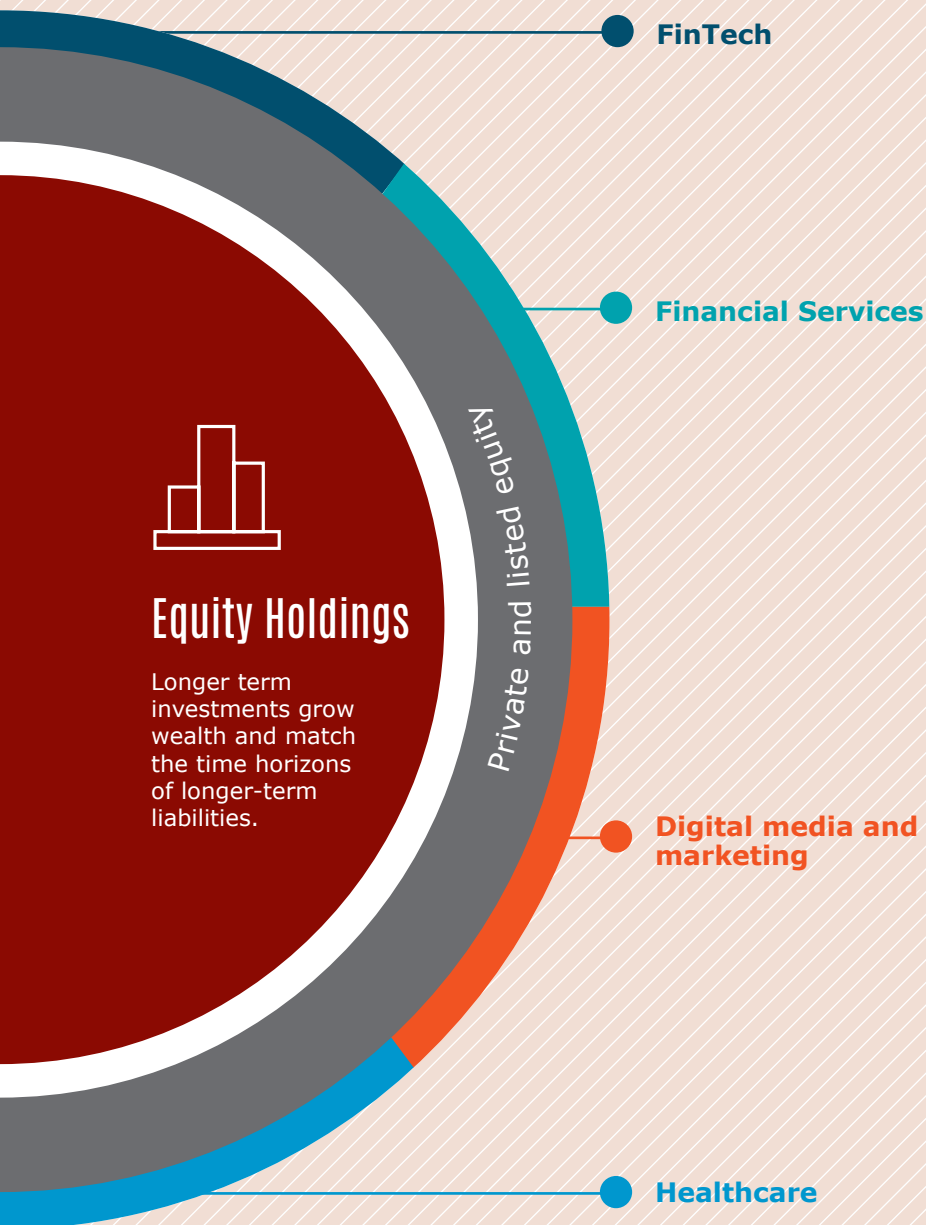
See page 24 - 27 for more information about these operations, and their contribution to the Group.



Equity Holdings



Our Equity Holdings investment portfolio is dynamic and seeks to maximise sustainable shareholder value.



See page 30 for a list of pending acquisitions amounting to more than R1 billion, which were announced during the reporting period, and will be completed upon shareholder approval.



Our distinct operational business activities are focused on well-defined target clients.

Credit

South Africa has been trapped in a low growth trajectory for over a decade, which has made it difficult to reduce high levels of poverty, inequality and unemployment. For some time, many have pointed out that harnessing the small business sector and entrepreneurship lies at the centre of the solution.

SME development is crucial

Characteristically of a developing economy, SMEs make up a large portion of South Africa's business environment, indicating a strong promise of future growth. Just over 90% of legitimate businesses in the country can be categorised in the SME sector, employing well over half the workforce, and accounting for just over a third of the GDP.

Preferential procurement

The phenomenon is not unique to South Africa, where among other things the B-BBEE Codes of Good Practice aim to encourage support of small business through preferential procurement, supplier development and enterprise development goals.

Similarly, in the Kingdom of Swaziland, the Public-Private Partnership (PPP) Policy was launched to accelerate the development and procurement of assets in several sectors, including water supply, health care and education. Botswana's Local Procurement Scheme (LPS) seeks to empower the disadvantaged groups, which include youth, people living with disability, women and rural residents in business through public procurement preferential treatment.

Barriers to SME development

However, despite the political will to help SMEs and the broader economy succeed, the economic benefits are not flowing through to the sectors of society most in need. One of the reasons is a lack of access to finance and financial inclusion, which is further exacerbated by lag in providing enough credit to keep up with growing development requirements. The banking sectors of most sub-Saharan African countries generally stifle the

supply of credit by still applying traditional credit processes.

Other significant barriers to SME growth include the lack of skills and experience of new market entrants, and prolific fraud.

Ecsponent's solutions

Ecsponent's Credit unit aims to forge a robust and interactive business ecosystem system that connects everything – from suppliers, distribution channels/vendors, large corporate businesses to venture capital, offering:

- SME credit
- Enterprise development
- Specialist procurement and logistics

We provide a range of credit solutions to meet the diverse needs of businesses, which provide the Group with continuous cash flow and liquidity.

These credit solutions address the demand for funding and other challenges that SMEs face, while supporting large corporate businesses to meet their preferential procurement targets.

We also provide training and support to emerging business owners in respect the procurement process and related regulatory conditions, and especially the:

- financial implications and cash flow management
- functional guidelines to ensure effective procurement and sourcing
- financial management of the cash flows (including VAT and other taxation provisions)

In the broader economy this contributes to relieving financial exclusion and boost the growth of businesses in the SME sector. As result, it also contributes to addressing the maladies of poverty, development of disadvantaged business sectors, and more.

Credit products and target clients

Specialist procurement and logistics				
Enterprise development				
Secured credit products	Secured Business Credit <ul style="list-style-type: none"> Loan facilities Bridging finance Factoring/invoice discounting Facility values R50 - R100 million+ 	Supply Chain and Procurement Management Services <ul style="list-style-type: none"> Supplier and product sourcing Terms negotiation Quality assurance Logistics Funding 	Supply Chain Solution <ul style="list-style-type: none"> Effective preferential procurement structures Enterprise development 	Green Project Funding <ul style="list-style-type: none"> The United Nations Green Climate Fund (UNCGF) grants or loans
Target clients	Small & Medium Enterprises (SME) Larger SMEs with high gross profit margins and strong cash flows.	Emerging businesses and individuals <ul style="list-style-type: none"> Emerging businesses Previously disadvantaged individuals Vendors with purchase orders and or tenders 	Large corporate businesses Corporate entities with preferential procurement requirements.	Green projects Green projects that limit or reduce greenhouse gas emissions in developing countries.
Value created	<ul style="list-style-type: none"> Access to credit Tailored solutions to suit and support the clients' businesses Bespoke security models 	<ul style="list-style-type: none"> Skills development Access to funding Business support and mentoring Reduced costs Purchasing power Reliable delivery of goods 	<ul style="list-style-type: none"> Enterprise development of emerging procurement channel Guaranteed delivery performance Enhanced preferential procurement* spending recognition Skills development Reduced procurement costs 	<ul style="list-style-type: none"> Financial and project support Investment assessment Due diligence Motivation to the UNCGF Funds deployment
Contribution to the Group	<ul style="list-style-type: none"> Medium-term liquidity Strong interest profit stream 	<ul style="list-style-type: none"> Short-term liquidity generator Profitability through fees and margins 	<ul style="list-style-type: none"> Short-term liquidity generator Profitability through fees and margins 	<ul style="list-style-type: none"> Revenue from fees, procurement services and commissions

* Contributes to B-BBEE scorecard in South Africa – preferential procurement, enterprise development (ED) and supplier development (SD).



Investment services

Capital raising

The Group's ability to raise capital to fund investment, both in underlying assets and potential equity investments, is key to Ecsponent's growth strategy. Investment services include capital from retail and institutional investors.

In **South Africa**, the primary channel to the retail market is preference share investments under the R5bn listed preference share programme. The preference share structures are based on redeemable preference shares that provide fixed returns on a capital growth or monthly dividend basis. The Group also attracts institutional debt funding for its operations and has received approval to introduce a bond programme to the market.

In **Botswana**, capital raising is entirely from institutional sources, managed by the capital raising division. US\$15 million raised during the period under review.

The South African model is replicated in **Swaziland**. Retail investment funds are obtained through the sale of local linked loan units. E133.7 million raised during the period under review.

Wealth advisory

Ecsponent's Investment Services business unit provides an effective channel to market for financial services and products. Ecsponent leverages this network to market its own and third-party products through the network of FSCA-accredited investment professionals in South Africa and investment advisors accredited by the FSRA in Swaziland.

In South Africa, the investment industry is in a state of flux following the introduction of a barrage of legislative changes, including:

- Retail Distribution Review (RDR) – revolutionises how financial services companies offer advice and distribute products to customers.
- Twin Peaks – introduces a new prudential regulator located in the South African Reserve Bank (SARB) to ensure that consumers are offered more protection and make the financial services system more resilient.

- Policyholders Protection Rules (PPRs) amendments – aim to improve market conditions in the insurance industry and further ensure that consumers get access to adequate products.
- Protection of Personal Information Act (POPI) – regulates how customer data is managed.
- Treating Customers Fairly (TCF) – ensures that all financial institutions adhere to the required customer treatment standards.

As result of these developments, the industry is experiencing some level of migration where advisors tied to smaller financial service providers (FSPs) move to larger FSPs, to reduce the compliance and administrative burden created by the new regulations.

These changes, combined with the Group's existing channel to market, have created opportunities to establish a wealth advisory service. This service provides independent financial planning advice and investment management services to private clients.

To tailor its offering and complement the products already available in the market, Ecsponent has developed competitive investment and insurance products for the retail market. Where necessary, we partnered with industry specialists to develop or white label products that address specific market requirements.

As result, the wealth advisory service now offers a range of products, including Ecsponent's own investment offerings, white-labelled investment and insurance products, and third party financial products.

In Swaziland, the Group received approval to act as Collective Investment Scheme manager and create investment portfolios. These portfolios support the Kingdom's ambitious growth objectives for 2022 by investing at least 50% of all funds in the local Swazi market and generating above-market rate returns for investors.

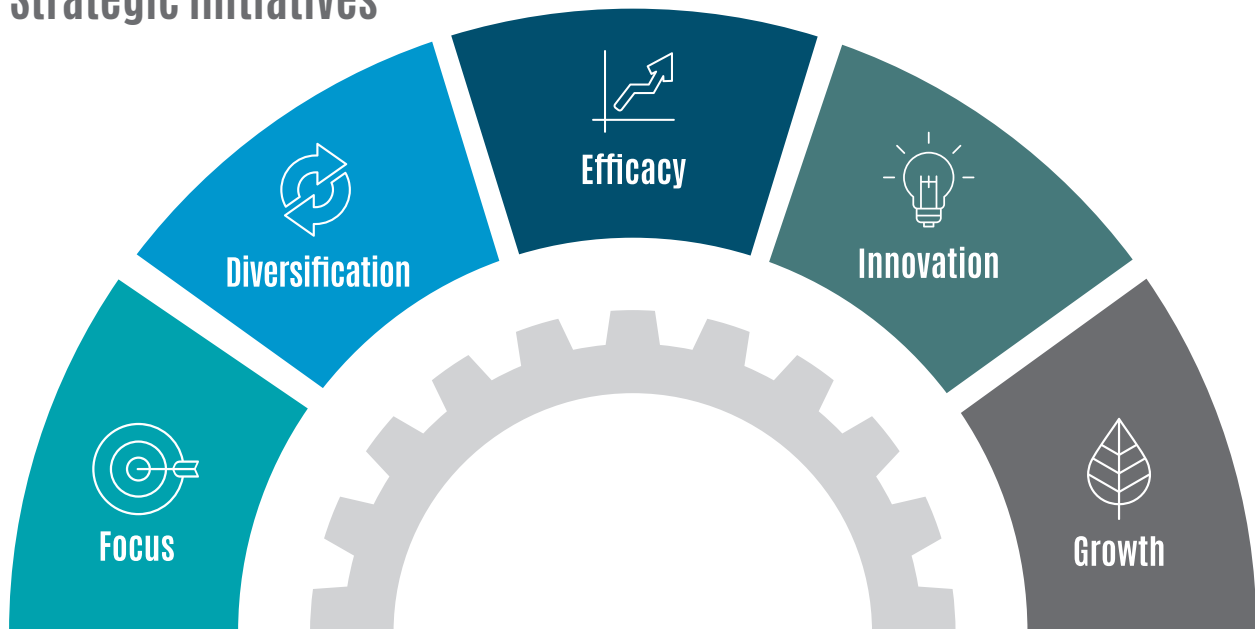
Investment products and target clients

Capital raising			
Instrument	Territory	Investors	Value created
Ordinary shares	South Africa	Retail and institutional investors	Share price appreciation of 550% during the reporting period.
Preference shares	South Africa	Predominantly retail investors	Raised R1.3bn through Ecsponent's listed preference share programme since September 2014, deployed as capital in the Group's credit and other activities.
Linked-loan units	Swaziland Botswana	Retail and institutional investors	Raised over R260m through the linked-loan unit programme since September 2014, deployed mainly in the Group's Swazi operations and investments.
Bond programme	South Africa Swaziland Botswana Other	Retail and institutional investors	Formalised listed bond programme to be introduced in Q4 of 2018. This capital raising mechanism will improve the Group's tax exposure.
Other debt facilities	SA Swaziland Botswana Other	Retail and institutional investors	To date, the Group has raised US\$15m in international institutional funding, which has been deployed in operations and investments outside South Africa to minimise currency risk.
Wealth advisory			
Product type	Territory	Investors	Value created
Collective Investment Scheme	Swaziland	Retail and institutional investors	Collective investment scheme mandated to invest at least 50% of funds in Swaziland.
Own and white-labelled products	South Africa Swaziland	Retail investors	<p>Product development, governance, compliance</p> <p>Develops competitive investment and insurance products for the retail market. Where necessary, partnering with industry specialists to develop or white label products that address specific market requirements.</p> <p>Products include:</p> <ul style="list-style-type: none"> ▪ Umbrella funds ▪ Preservation funds ▪ Life products ▪ Annuities ▪ Endowments ▪ Pooled arrangements
Third-party products	South Africa Swaziland	Retail investors	<p>Private client advice</p> <p>Provides independent financial planning advice and investment management services to private clients, distributing Ecsponent's own investment and white-labelled insurance products.</p>

Our operations strategy

In setting the Group's strategy, we are cognisant of our operating environment, opportunities and risks to create the roadmap to enable us to fulfil our vision and mission. As a result, we have identified five key strategic elements of our ongoing growth to incorporate into our operations.

Strategic initiatives



Focus

- Ongoing focus on generating high yields from financial services products and services that satisfy previously unsatisfied needs of businesses and consumers.
- Extend the Group's credit operations.
- Run a small cost-effective corporate office to support divisional management.

Diversification - risk mitigation

- Risk mitigation through diversification of operations and investments, including:
 - Geographical
 - Currency
 - Service/product
 - Industries
- Balance short-term assets with longer-term investments.

Efficacy

- Reduce the weighted average cost of capital (WACC).
- Agile responses to changing market conditions that present opportunities for the Group.
- Leverage industry best practice.
- Continually drive operating efficiencies and cost management.
- Ensuring consistency of systems and procedures resulting in free flow of intellectual capital and accurate data-based decision making.

Innovation

Products

- Invest in and develop more credit solutions that meet the needs of the underbanked, as well as innovative investment products, in all our areas of operation.
- Invest in and grow the Group's Supply Chain Solution resources and capabilities.

Technology

Adopt and invest in technology to provide meaningful information for internal use and for clients.

Apply technology to develop financial services tailored to the needs of consumers and businesses.

People

Invest in people and cultivate intellectual capital to establish Ecsponent as an employer of choice in its sector.

Growth

Achieve consistent annual growth in revenue, profitability and assets through a balanced combination of organic growth and selective acquisitions.

Organic growth

- New clients
- New services with existing clients
- New services/products





Equity Holdings

Ecsponent's Equity Holdings investment criteria have remained unchanged over the years and the Group has become known for its ongoing merger and acquisition (M&A) activities. At the end of the reporting period, we announced a series of transactions*, exceeding R1 billion in aggregate.

It is not just the quantum of these transactions that is significant to the Group, but more importantly the sectoral, geographical and currency spread that is added to our Equity Holdings portfolio. Moreover, these investments represent assets in high-growth areas with outstanding prospects and offer exceptional synergies to satisfy consumers' latent needs or to create markets where none existed before.

Equity holdings investment strategy

Our Equity Holdings investment portfolio is dynamic and seeks to maximise sustainable shareholder value.

These investments are targeted and concentrated in high-growth areas that provides matching of time horizons between our longer-term assets and liabilities.

While the underlying investments may change over time, we remain committed to our longstanding investment philosophy by investing in:

- Businesses with high growth potential and are easily scalable in new markets.
- Enterprises requiring high levels of intellectual property and barriers to entry and, in keeping with our brand promise of "investing with the times", offer pioneering products and services.
- Expert, focused and hard-working management teams, committed to achieving results within a strict governance framework.
- Businesses with products and services complementing the Group's existing investments and offer opportunities to leverage growth opportunities.

* Pending shareholder approval.

Continuous growth in asset base

As such, the Group has entered into a series of transactions (some still subject to shareholder approval), well over R1 billion in value that:

- position the Group for future value-enhancing acquisitions;
- create an efficient and professional management structure for the Group's equity investments;
- improve the balance sheet concentration exposure;
- provide a balance between the Group's short-term cash generative assets and longer-term growth assets; and
- increase the Group's equity holding in assets considered to have high growth potential.

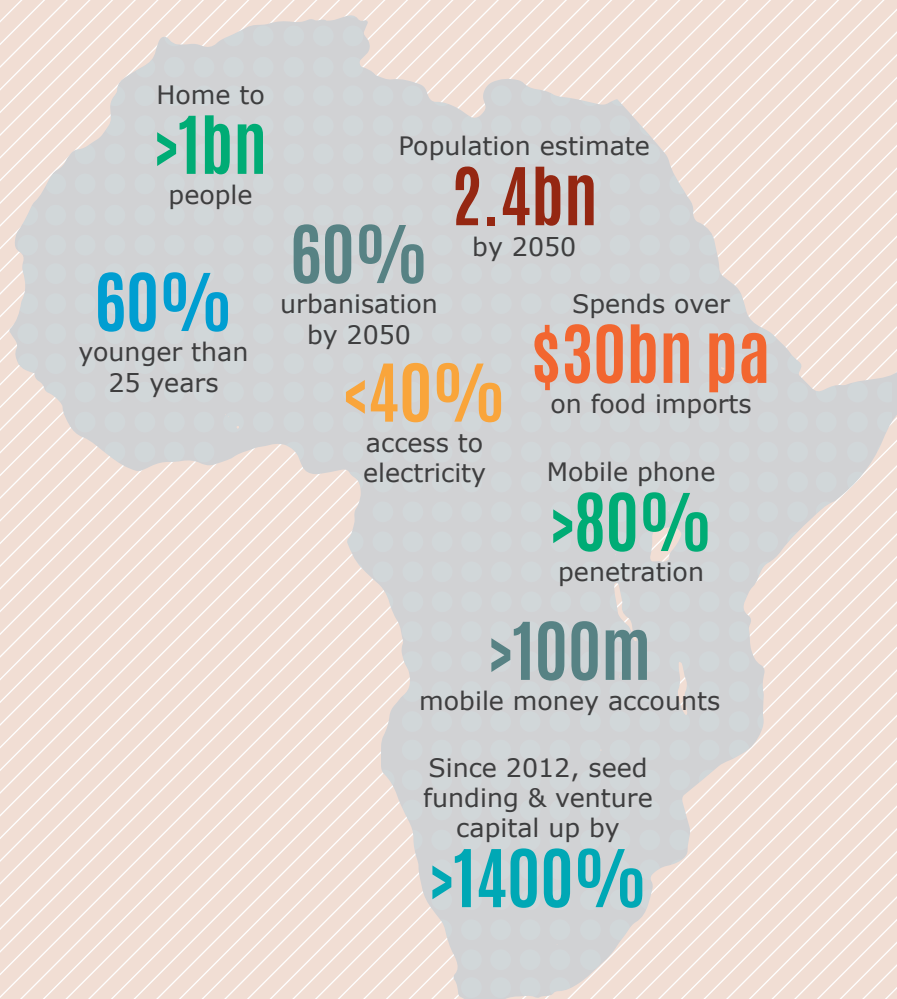
The investment follows our commitment to source specialists in niche business areas which are outside the Group's core financial services expertise and investing in minority stakes in these businesses. Target companies are well-managed, self-sufficient and provide a balance in the Group's short-term and long-term asset base.



Africa is open for business

The Group has identified several high-growth investment sectors, with a focus on the growing potential in Africa. Our operations and investment models are scalable to enable us to replicate these areas outside of South Africa, combined with strong local partnerships and expertise.

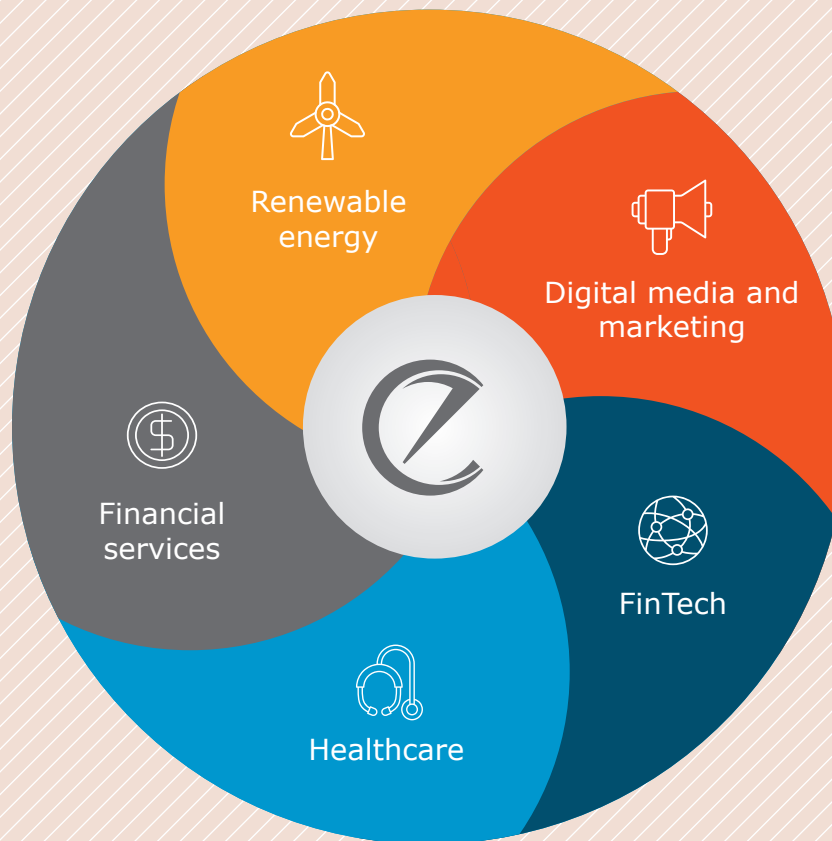
Africa has vast potential to scale up private investment rapidly. The continent will require some \$100 billion in new infrastructure each year, if it is to close its infrastructure gap. Yet less than half of that is currently financed. Add to this a labour force that is expanding by 20 million people a year, and rapid urbanisation along with it, Africa's infrastructure needs are only poised to grow.



"Future growth (in Africa) is likely to be underpinned by factors including the most rapid urbanisation rate in the world and, by 2034, a larger working-age population than either China or India. Accelerating technological change is helping to unlock new opportunities for consumers and businesses, and Africa still has abundant resources. The International Monetary Fund projects that Africa will be the world's second-fastest-growing region in the period to 2020."

McKinsey Global Institute

Growth sector investments create sustainable returns



Financial Services and FinTech

Fintech is changing the way Africans transact, bank, and borrow. Smartphones with their feature-rich operating systems, provide platforms for apps that can make financial services accessible, convenient, and simple. As smartphone prices decrease, penetration levels are exceeding expectations. By 2020, it is projected that there will be 720 million smartphones in use on the continent.

Investment:

- A growing stake in MyBucks SA, a Frankfurt-listed fintech company (2016) providing financial products and services in 11 different countries.
- 40% of MHMK Capital, founded by George Manyere in 2013, which is a privately held Africa-focused private equity investment and advisory firm that manages and provides advice on investments across multiple sectors in its chosen markets in Sub-Saharan Africa.
- 34.89% of GetBucks Zimbabwe, which is listed on the Zimbabwean Stock Exchange and offers financial products to individuals and small- and medium-sized, enterprises as well as accepting deposits from customers.
- 19% of Capitis Equity, a fully empowered VCC in terms of Section 12J of the Income Tax Act. Following shareholder approval, the Group has invested R156 million in Capitis and will increase this investment to R400 million by 30 June 2019 to expand the Group's ability to stimulate the growth of South Africa's SME sector.
- 25% of Ecsponent Financial Services Zambia, which is registered as a deposit-taking financial institution under the GetBucks brand.



Digital media and marketing

Revenue in the digital media market amounts to US\$126 411m in 2018. Artificial intelligence, augmented and virtual reality, and sponsored and personalised content, and social advertising are key to further digital ad growth in the next decade.

Digital media platforms offer a host of benefits and tangible opportunities to the fintech industry. One such example is the array of data available via social media channels, with the potential to provide accurate risk scoring and better evaluation than traditional credit underwriting processes. The impact of digital media and the consumer data it makes available extends into further areas too. For example, it introduces improved and integrated customer service channels, targeted marketing, new product/service development, reducing costs and improving efficiencies through automation and developing new business models.

Investment:

49% of Truth Digital Group, 51% owned by Shaka Sisulu to create the largest, diverse and dynamic black-owned digital marketing group in Africa with access to unique and influential markets. Its subsidiaries include Plum, iKGB, ROi Africa and Retroviral - all operating separately, offering specialist niche services offered to clients.



Renewable energy

Almost 600 million people in sub-Saharan Africa lack access to electricity. Only seven countries - Cameroon, Côte d'Ivoire, Gabon, Ghana, Namibia, Senegal and South Africa - have electricity access rates exceeding 50%. The rest of the region has an average grid access rate of just 20%.

It is projected that sub-Saharan Africa will consume nearly 1 600 terawatt hours by 2040, four times what was used in 2010. That forecast is based on a number of important factors, including a fivefold increase in GDP, a doubling of population, electricity access levels reaching more than 70% by 2040, and increased urbanisation. *McKinsey&Company*

Fossil fuel-based power generation is the most expensive form of energy globally, yet it is the largest source of electricity generation in Africa. According to the International Renewable Energy Agency (IRENA) the cost of generating power from solar photovoltaic (PV) electricity has fallen by 73% since 2010 and it is expected that renewable energy technologies will be competitive on price with fossil fuels by 2020. Therefore, turning to renewable energy for power generation is not simply an environmentally conscious decision, but increasingly, a smart economic choice that will support job creation, growth, improved health and climate change mitigation.

Investment:

Up to 80% of Invest Solar Africa, focused on the development and financing of renewable energy projects in Africa. Invest Solar will be listed on the Botswana Stock Exchange (BSE) following an IPO. Invest Solar will be the first BSE listed Socially Responsible Investment vehicle focused on renewable energy opportunities in markets within Africa.



Healthcare

Healthcare costs globally have risen to unsustainable levels, outpacing economic growth in developed countries. Alternative medicine and nutraceuticals have become significant health alternatives in developed and developing markets.

Investment:

68.2 million ordinary shares of Go Life International. A dynamic Mauritius and AltX-listed group, operating in the healthcare sector with an aggressive acquisition strategy for expansion. The Group is already established in the frail care (the fastest growing sector in healthcare), nutraceutical and cosmeceutical industry. Nutraceuticals, which are generally made from herbal/botanical raw materials, are functional food with added ingredients that provide physiological benefits or reduce the risk of chronic diseases.