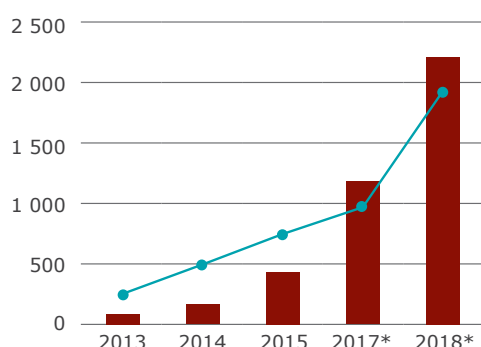


The background of the cover is a collage of four images. The top-left image shows a modern, curved building with balconies. The top-right image shows a glass-walled office interior with people working. The bottom-left image shows a person's hands typing on a laptop with documents on the desk. The bottom-right image shows a modern office lobby with a checkered floor.

Integrated Report 2018

2018 Financial Period results summary

Total and net asset growth
(Rand million)



Total assets

84%

R2 235.8 million
R1 214.8 million (2017)

Five-year CAGR

146%

per annum



Equity

102%

R193.5 million
R95.6 million (2017)

Five-year CAGR

71%

per annum



60%
South Africa

29%
Rest of Africa

11%
Europe

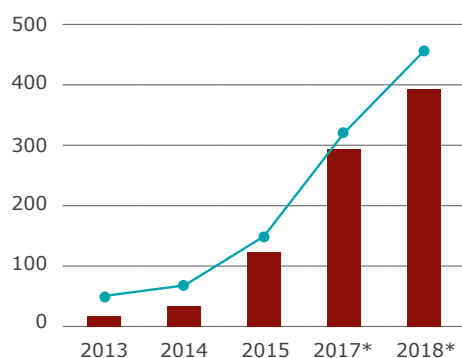


60%
Credit

15%
Investment Services

25%
Equity Holdings

Group revenue and profit after tax (PAT)
(Rand million)



Profit after tax

44%

R97.4 million
R67.6 million (2017)

Five-year CAGR

139%

per annum



Revenue

45%

R467 million
R322 million (2017)

Five-year CAGR

88%

per annum



Equity

102%

5 year CAGR
71%



Return on equity

50%

5 year CAGR
82%



Earnings per share (EPS)

12.9%

5 year CAGR
111%



Headline earnings per share (HEPS)

>100%

5 year CAGR
91%

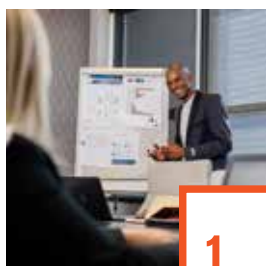


Current ratio

807%

5 year CAGR
52%

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Performance overview

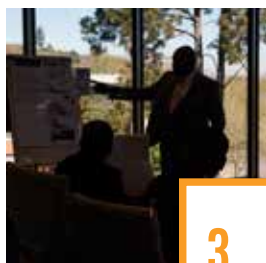
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Corporate governance

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Our investment case

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About our reporting platform

This integrated report covers Ecsponent's activities for the 15-month financial period from 1 April 2017 to 30 June 2018 and includes material issues up to the date of Board approval of this report. It provides an assessment of the Group's ability to create value, by reflecting on the past financial year and considering the issues that are material to the business' continued growth and to our stakeholders.

Basis of preparation

In preparing and finalising the information presented in this report, we were informed and guided by local and international frameworks reporting and guidelines.

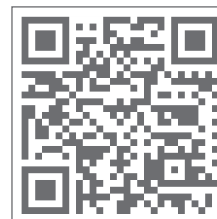
The report highlights the Group's strategy and the drivers influencing the achievement of our objectives in the medium to long term. It provides key operating and financial information, executive commentaries and relevant governance and risk reviews. Where applicable, information in this report has been extracted from other publications from our reporting platform. This includes the Group Consolidated Financial Statements for the period ended 30 June 2018, which have been audited by Nexia SAB&T who expressed an unmodified opinion thereon.

These reports provide the necessary information to enable stakeholders to make informed assessments of the Group's performance and identify its outlook in the short, medium and long term.




These may be found on the Group's corporate website at www.ecsponentlimited.com/2018-financial-results/

The management of the Group's business units have reviewed and approved the integrated report's content. The Group's Audit and Risk committee reviewed and recommended the report to the Board of directors for approval.



To assist in the Group's endeavours to promote a more sustainable environment, we urge our stakeholders to make use of our reporting suite where all our reports and latest financial results presentations, booklets and SENS announcements can be viewed.

Visit  www.ecsponentlimited.com/2018-financial-results/ or scan the above code to be taken there directly.

*Definitions:

CAGR:	Compounded Annual Growth Rate
Companies Act:	South African Companies Act 71 of 2008
FTSE:	Financial Times Stock Exchange
IFRS:	International Financial Reporting Standards
JSE:	Johannesburg Stock Exchange
King Code:	King Report on Corporate Governance, also known as King IV
FSCA:	Financial Sector Code Authority
FSRA:	Financial Services Regulatory Authority
The Group:	Ecsponent Limited and its subsidiaries



For important information on forward-looking statements in this report, refer to the inside back cover.

Statement from the Board of Ecsponent Limited

The Board of directors acknowledges its responsibility to provide oversight and support in creating this integrated report to address the material issues that have a bearing on the Group's capacity to sustainably create value.

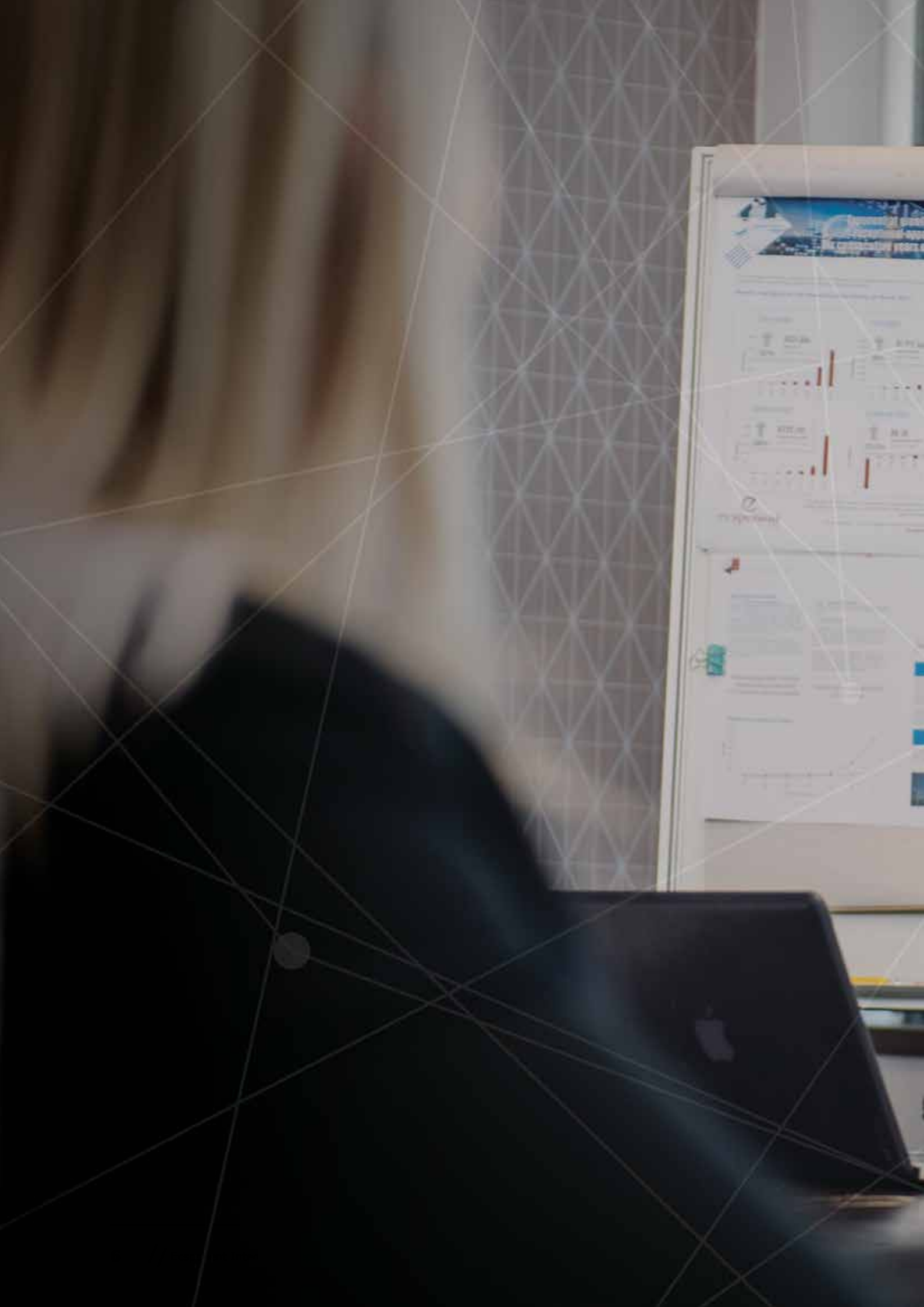
The report was unanimously approved by the Board and is signed on its behalf by:

Richard Connellan
Chairman

Terence Gregory
Group Chief Executive

Feedback

We look forward to receiving your feedback on our reports to assist us in providing meaningful and relevant information. Please contact us at investor.relations@ecsponent.com and subscribe to receive our ongoing investors' communication.





Performance overview

Chairman's statement



Richard Connellan
Independent non-executive chairman

"It will further support the Company's objective to promote financial inclusion, allowing it to target small and medium-sized enterprises and develop commercial relationships with large corporates."

Introduction

This has been an exceptional 15-month period for the Ecsponent Group. We have managed to meet and exceed our objectives for the period under review, both from a financial and an operational perspective.

Our focus on geographic diversification and quality investments into niche industries with innovative value propositions and high barriers to entry gained significant traction.

The Company announced transactions with a cumulative value of more than R1 billion. These transactions not only provide further momentum to our growth strategy, but significantly bolster the scalability and de-risking of our business. We look

forward to continued shareholder support in the future.

Although these early stage investments did not contribute significantly to our performance during the 15-month period reported on in the financial statements, their impact on portfolio growth, revenue and cash flow is expected to incrementally increase over the medium to longer term.

Ecsponent's strategy of balancing our medium-term, high-yielding investments with early stage private and listed equity holdings underpins the ability to deliver consistent, sustainable growth through economic cycles.

"The impact of these early stage investments on portfolio growth, revenue and cash flow is expected to incrementally increase."



Macro-economic overview

From an economic and political perspective, the 15-month period under review was bruising. Policy uncertainty increased during the lead-up to the ruling party's national elective conference in December 2017. Combined with persistent low economic growth forecasts, these events culminated in a series of national credit rating downgrades to sub-investment grade during this period.

The election of President Ramaphosa has been widely welcomed, given positive perceptions around his business-friendly and pragmatic approach. Towards the end of the reporting period, however, the earlier encouraging signs of improving business and economic prospects on the back of "Ramaphoria" have dissipated.

The economic landscape remains challenging with rising fuel and transport costs, electricity and medical insurance as well as other increases continuing to place upward pressure on domestic consumer price inflation. Inflation rates were further impacted by a 1% increase in value added tax during the latter part of the period under review. South Africa escaped a third junk rating as Moody's Investors Service kept its assessment of the nation's debt unchanged in March 2018, citing more transparent and predictable policies under President Ramaphosa.

Fractious relationships within the ruling party, political manoeuvring in the lead-up to the 2019 national elections and severely indebted state-

owned enterprises were further compounded by a controversial land expropriation bill, all of which have resulted in a 15% drop in South Africa's currency against the US dollar. Global factors further weighed-in on the issue of an uneasy exchange rate, especially the trade war row between the US and China, with significant implications across emerging market growth and currencies.

At the time of writing, the South African economy shrank to a seasonally adjusted annualised 0.7% in the three months to June of 2018, following a 2.6% contraction in the prior period, surprising on the downside against the market's expected 0.6% growth. It was the second consecutive period of contraction, mainly as a result of lower production figures in agriculture, transport and trade. In contrast, the main positive contributions came from mining and quarrying, finance, real estate and business services (1.9% from 1.1%); construction and utilities (2.1% from 0.2%).

The GDP growth rate in South Africa averaged 2.78% from 1993 until 2018, reaching an all-time high of 7.60% in the fourth quarter of 1994 and a record low of -6.10% in the first quarter of 2009.

Ecsponent's 12.1% holding in the Frankfurt-listed Fintech company MyBucks SA Limited provides us with a Euro-income hedge. 36.3% of the Company's total assets are held outside of the Rand Common Monetary Area, mitigating against a weakening rand but also exposing the Company to short-term volatility. We have mechanisms in place to manage this volatility.

Sound performance despite challenging operating environments:



During the financial year, **macro uncertainty and volatility** affected the operating environments in each of the Group's business territories.



Net new capital inflows – from **retail and institutional** sources – and profitable credit activities supported sound performance.



The Group has successfully leveraged its ability to provide **clients a broader investment offering**, increasing its client base and deepening its core value proposition.



Continued **investment in defensive industries**, in accordance with our investment philosophy, continues to support growth initiatives in the overall business.



Geographical and operational diversity continues to support a stable recurring revenue base and earnings notwithstanding varying market conditions.

Chairman's statement (continued)

Strategy and value-drivers

Ecsponent operates across multiple subsidiaries in South Africa, Botswana, Namibia, Swaziland and Zambia. The Group's activities are centered around providing investment services, business credit and equity investments.

Expansion of business credit services continues as demand for consumer credit remains strong, with Ecsponent uniquely positioned to cater for the needs of unbanked and underbanked Small to Medium Enterprises (SMEs) through unique, fully secured models.

During the review period, Ecsponent secured an international funding facility for US\$ 10 million from a UK-based corporate financier. The funding is being deployed in US dollar across our growing African operations outside of South Africa through the secured Credit operations. The deployment of dollar-based funding is expected to result in an increase of hard currency assets on the Group's balance sheet.

Investment services bolstered by regulatory approval in Kingdom of Swaziland

Ecsponent, through its local subsidiary, received approval to act as a Collective Investment Scheme (CIS) Manager in Swaziland by the country's Financial Services Regulatory Authority (FSRA). The Group's focused business strategy has seen it achieve triple-digit growth for six consecutive years in its key performance areas, and this development further stimulates the growth trajectory in this region.

Dynamic, opportunistic dealmaking

As part of the Company's drive to unlock and grow value, our objective to expand and develop operations on the rest of the continent is an important and vital step.

As alluded to earlier in my report, the Company received approval from shareholders on a series of transactions that will significantly expand its investment portfolio outside of South Africa, providing capital growth in the medium to longer term.

These opportunities will reduce foreign currency risk, whilst providing exposure to investments in stable, high-growth economies on the continent

outside of the Rand Monetary Area. It will further support the Company's objective to promote financial inclusion, allowing it to target small and medium-sized enterprises and develop commercial relationships with large corporates.

These transactions in particular provide Ecsponent access to asset management licences in Botswana, expediting the roll-out of its investment services offering in that jurisdiction.

Stable core business model

Ecsponent's portfolio construct and experienced management team have built a strong track record through organic growth and corporate action through the cycle. The beachhead to this success is a focused approach on niche industries underpinned by financial services, implemented by a consistent management team with proven deal-making ability.

Our increased exposure to value-enhancing investments supports continued balance sheet growth and risk diversification.

Outlook and strategic objectives

Looking through the cycle, the Board remains confident of Ecsponent's ongoing performance as the full impact of investments during the reporting period are expected to benefit the business over time.

This continued growth momentum will enable the Group to further expand its funding sources, ultimately reducing its cost of capital and improving profitability.

In the current financial year, Ecsponent will remain focused on growing its credit assets as well as opportunistic investments in equity assets, in addition to its endeavours to lower the weighted average cost of capital.

Conclusion

I wish to thank our shareholders and my fellow Board members for their ongoing support and guidance during this time. Also, thanks to our management team and employees whose enthusiasm and work ethic have added greatly to the growth of our Company. We remain excited about Ecsponent's future and opportunities in the sectors it specialises in.

Richard Connellan
Chairman
18 September 2018



CEO's report



Terence Gregory
Chief executive officer

"In 2016 Ecsponent announced a rationalisation process designed to streamline and realign its operations to sustain increased strategic growth. The process continued into the current financial period with the finalisation of the sale of the Group's credit retail operations."





Highlights

Ecsponent continues to deliver significant growth off a consistent operational platform for more than four consecutive years. The financial results for the 15-month period ended 30 June 2018 reflect the impact of the rationalisation of the Group's operations, enhancing its base from which to pursue further value-enhancing opportunities.

The Company changed its financial year-end during the 2018 financial year from 31 March to 30 June. The decision to change the financial year end was influenced by the timing of several transactions, which if not concluded before the year end,

would have provided stakeholders with an incomplete view of the Group's financial position. The change resulted in the 2018 financial period being extended to a 15-month period, commencing on 1 April 2017. The comparative 2017 financial period was also extended to a 15-month period.

Highlights for the 15-month period are:

 Total assets 84% R2 235.8 million compared to R1 214.8 million	 Headline earnings per share (HEPS) >100% 6.991 cents per share compared to 0.014 cents per share	 Revenue 45.1% R466.9 million compared to R321.8 million	 Operating profit 89.1% R412.4 million compared to R218.2 million
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Rationalisation and focus on core competencies

The Group's activities are divided into two distinct segments – operations and equity holdings. The operations segment, which combines Credit and Investment Services, provides the Group with short-term liquidity and cash flows. The Equity Holdings segment enables us to invest in assets that will provide longer-term returns that match the Group's liabilities, and provide a strong asset base from which it can continue to grow.

In 2016 Ecsponent announced a rationalisation process designed to streamline and realign its operations to sustain increased strategic growth. The process continued into the current financial period with the finalisation of the sale of the Group's credit retail operations.

In addition to finalising the two transactions initiated during the previous financial period, the Group initiated corporate actions in respect of its Equity Holdings, which included consolidation of its biotech holdings into a healthcare group and its media monitoring business into a digital media group. These transactions allowed the Group to retain a significant but non-controlling stake in these operations.

Ecsponent no longer holds a controlling stake in or the operational responsibility for any business that is not core to the focus areas.

Operational overview



Credit

The demand for credit from the SME sector remains buoyant and has resulted in continued growth of the business across the Group's footprint. Total credit assets increased by 65.4% from R748.7 million at 31 March 2017 to R1 238.4 million at 30 June 2018. Operating profit increased dramatically to R363.4m for the 15 months under review.



See page 24 and 25 for more information about our products and expectations for our credit operations.



Equity holdings

Ecsponent's exposure to medium-term, high-yielding investments is balanced by early stage private and listed equity holdings, with a particular focus on quality investments in niche industries with innovative value propositions that have high barriers to entry. These companies are well-managed with robust business models that command significant profit margins, driven by aligned and focused management teams.

This approach to combine short- and long term investments underpins our consistent, sustainable growth across key performance metrics. The Company has, over time, distinguished itself through its deal-making track record that provides sustainable medium to long term capital growth. The Group holds investments in innovative and fast-growing market sectors including fintech, healthcare and digital media.

CEO's report (continued)

At 30 June 2018, the Group held 12.1% in the Frankfurt listed (Luxembourg based) Fintech company MyBucks SA Limited ("MyBucks"). This investment has the added advantage of providing a foreign currency hedge against local currency frailty.

Assets held in the Equity Holdings portfolio increased by 257.32% from R232.9 million to R832.2 million. Operating profit increased commensurately to R139 million for the 15 months ended 30 June 2018. I am very pleased with the contribution made by the different business segments.

In line with its investment strategy, Ecspontent announced transactions during June 2018 that will increase its investment in Frankfurt-listed and Luxembourg-based MyBucks SA Limited from 12.1% to more than 25% in the first half of the 2019 financial year. This investment will provide the Group with increased exposure to financial services and related technology, diversified across multiple geographies and currencies, quantifiably enhancing the value of Ecspontent's current operations.

Ecspontent's rationalisation of its healthcare and digital media subsidiaries unlocked other resources that have been deployed in higher-yielding operations. At the same time, the Group retained a non-controlling stake and exposure to the longer-term growth of the larger, consolidated entities, in line with its objectives as an investment holdings company. Further investments in healthcare and digital media are being considered, along with other growth sectors including renewable energy to meet the almost unlimited demand for electricity in Africa.



See page 30 for an overview of our Equity Holdings investment portfolio and the growth sectors we have identified.



Investment Services

A core competency of Ecspontent, is the ability to offer effective investment and other financial services products to the retail market through its comprehensive broker network. During the year under review, Ecspontent Financial Services, a subsidiary of the Group, was awarded FPI Corporate Partner status by the Financial Planning Institute of Southern Africa (FPI). FPI is approved by the South African Revenue Service as a Recognised Controlling Body.

To leverage opportunities offered through the established distribution channel, the Investment Services business unit introduced additional products to the South African market. The products span both investment as well as life products and includes an umbrella fund offering.

These products provide the Investment Services unit with an ability to fulfil the multiple investment needs of its investor base which lead to additional profit opportunities for the Group. Additionally, it introduced a range of traditional investment products to the market, specifically focusing on compulsory retirement funds.



See pages 26 and 27 for more information about our Investment Services products and operations.



Geographical Footprint

Ecspontent operates through its three platforms of Credit, Equity Holdings and Investment Services across South Africa, Swaziland and Botswana, with in-country client representation in each country.

In Zambia, the Group holds a 25% interest in a registered deposit-taking financial institution operating under the GetBucks brand.

The back-office infrastructure of each country is centrally managed from Ecspontent's head-office in South Africa.

Prospects

Management continues to drive the Group's core competencies across its business platforms. During the current year, an increased emphasis is being placed on high-yielding equity investment opportunities and further sector diversification.

Efficiency improvements through technology will also be at the forefront to facilitate business growth and reduce operational risk and costs.

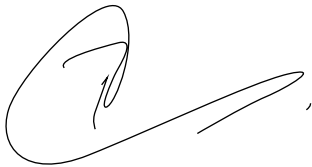
Given the current economic climate, management will aggressively focus on cost rationalisation and the reduction of the cost of capital through diversified institutional funding, both in local and foreign currency.

This approach is aimed at the continued development of a robust and complementary financial services group which continues to provide sustainable returns.

Conclusion

Our focus on the current year remains on differentiating Ecsponent as a robust and complementary financial services group which continues to provide above average sustainable returns. We will continue to pursue opportunities in our defined segments and ensure the continuous growth of a niche financial services provider for the territories in which we participate.

I wish to thank the Board and my fellow management for their support and guidance during the year. Thank you and congratulations go to all staff for their hard work and dedication to ensure Ecsponent continues to outperform market norms.



Terence Gregory
Chief Executive Officer
04 October 2018



“During the current year, an increased emphasis is being placed on high-yielding equity investment opportunities and further sector diversification.”

Our value creation model

Inputs



Our capitals...

Outputs



enable value-adding activities...

1

Financial

- Institutional debt funding raised R206 million
- Preference share capital raising R774 003 million
- Cash generated by operations increased by 141.3% compared to the previous period
- 36.3% of assets denominated in foreign currency.

Intellectual

- Brand and reputation
- IT systems, processes, and procedures
- Innovative services and products.

Human

- Strong compliance and governance culture
- Client and people-centred culture
- Specialised knowledge and skills.

Manufactured

Invested in software, computer equipment, property, plant and equipment, including six offices across Southern Africa.

Social and relationship

Our relationships with:

- Clients
- Funders
- Shareholders
- Employees
- Regulators
- Society and communities

Natural

Electricity and water conservation by moving into green-friendly premises, migrating towards electronic filing to reduce waste, implemented world-class video conferencing system to reduce carbon output due to travel.

Financial outputs generated in the performance of our business include, but are not limited to:

- Interest income
- Non-interest income
 - Advisory and knowledge-based fees
 - Fair value gains/losses
 - Investment income
 - Commission
- Low credit losses
- Taxation paid
- Dividends paid
- Reward performance and invest in attracting, developing and retaining our people, including employees, representatives and dedicated service providers
- Developing product offerings that are client-centric, with financial solutions for the various stages of business and personal wealth life cycles.

A holistic client-focused approach allows us to position our offerings around the specific needs of our clients in niche markets to provide comprehensive solutions. These outputs include:

- Extending credit to our clients through responsible lending practices
- Facilitating payments and transactions for emerging vendors
- Providing training and support for vendors to become part of the Supply Chain of large corporate businesses
- Offering advice-based services to help investors manage, protect and grow wealth
- Maintaining, optimising and investing in our operations, including technology, marketing and infrastructure
- Paying taxes in the jurisdictions in which we operate.

Governance



while managing key risks...

Market risks

External risks

- Macro-economic risk
- Sovereign credit risk
- Regulatory risk
- Tax risk

Strategic risk

- Concentration risk
- Compliance and legal risk
- Reputational risk
- Conduct and culture risk
- Company structure
- Shareholding concentration
- Independence and conflict of interest
- Talent
- Technology risk

Financial risk

- Liquidity risk
- Investment strategy risk
- Credit risk
- Capital management risk
- Foreign exchange risk



Read more about our risks and mitigation strategies on pages 44 - 47.

Outcomes



creating value for our stakeholders

Shareholders

- Share price increase of 550% between 31 March 2017 and 29 June 2018
- R241.1 million paid in preference share dividends
- > 99% voting outcome for all resolutions at AGM.

Employees

- Employing citizens in the jurisdictions in which we operate
- Staff turnover of less than 15%.

Society and communities

- Over R90 million granted for empowerment funding for previously disadvantaged individuals and groups
- Promotion of sustainable lending practices for renewable and alternate energy solutions.

Clients

R1.281 billion (2017: R750.8 million) advanced in loans to niche SME businesses.

Regulators

- Maintained strong relationships with regulators through regular interactions
- Compliance with regulatory requirements in each territory of operation
- R33.7 million (2015: R25.2 million) tax contributions.

1

PERFORMANCE OVERVIEW

Supported by strong governance and ethics

Ecsponent is committed to the highest standards of governance, ethics and integrity. We therefore embrace world-class business practices to ensure that we consistently act in the best interest of our shareholders and other stakeholders.



Vision

We strive to achieve industry-leading and sustainable growth in stakeholder value to become the investment destination of choice in the niche market segments where we operate.

Purpose

Our reason for existence is to provide innovative investment products and credit solutions that improve the rates of financial inclusion, banking more of the unbanked and generating wealth for stakeholders in all the areas of operation.

A blurred background image of two business professionals, a man and a woman, in a modern office environment. The man is on the left, wearing a light blue shirt and dark trousers, gesturing with his hands. The woman is on the right, wearing a light blue shirt and dark trousers, holding a laptop. A network diagram with white lines and nodes is overlaid on the image. A solid red banner is at the bottom.

About the Ecsponent Group

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.

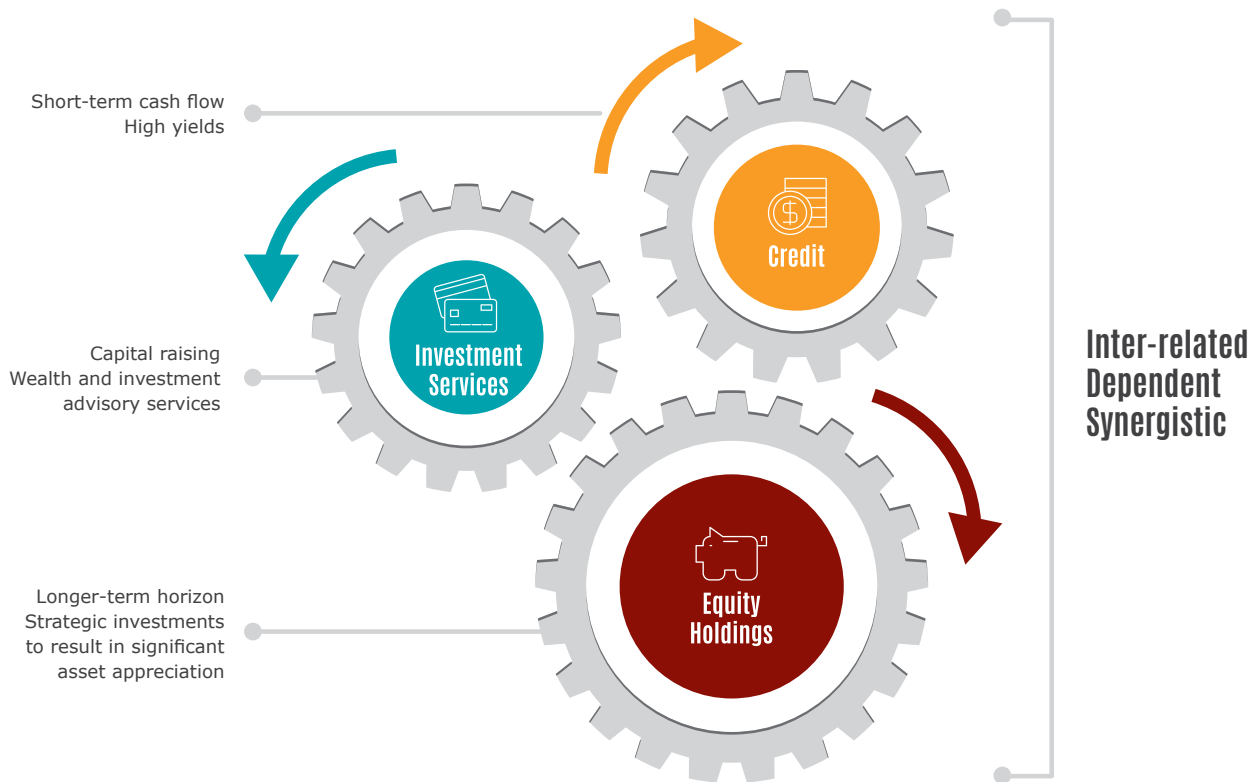
Our investment mix and experienced management team have built a strong track record through organic growth, mergers and acquisitions, and corporate actions since 2011:

- 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.

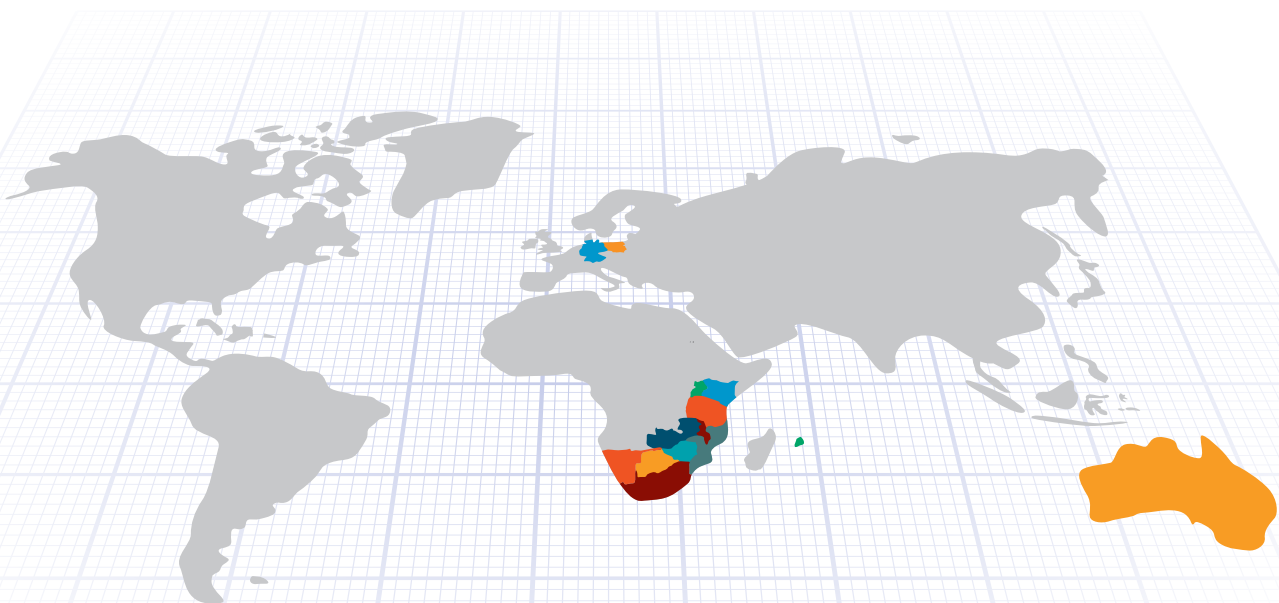
- Operationally, we **invest in and develop financial services solutions and products** with strategic differentiation and competitive advantage in their respective markets. These investments and operations provide us with short-term liquidity and cash flow.
- To match the **horizons of our assets and 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



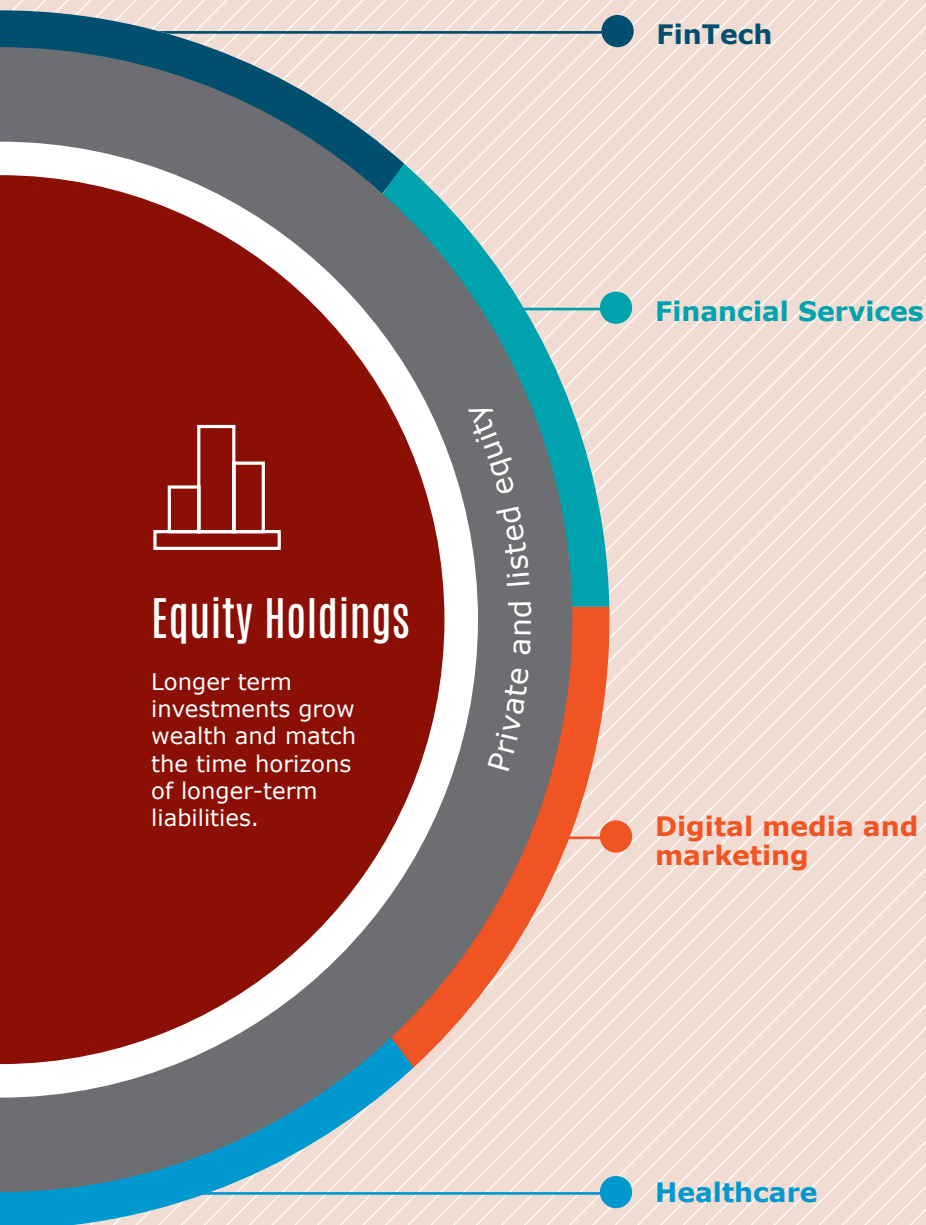
See page 24 - 27 for more information about these operations, and their contribution to the Group.



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.

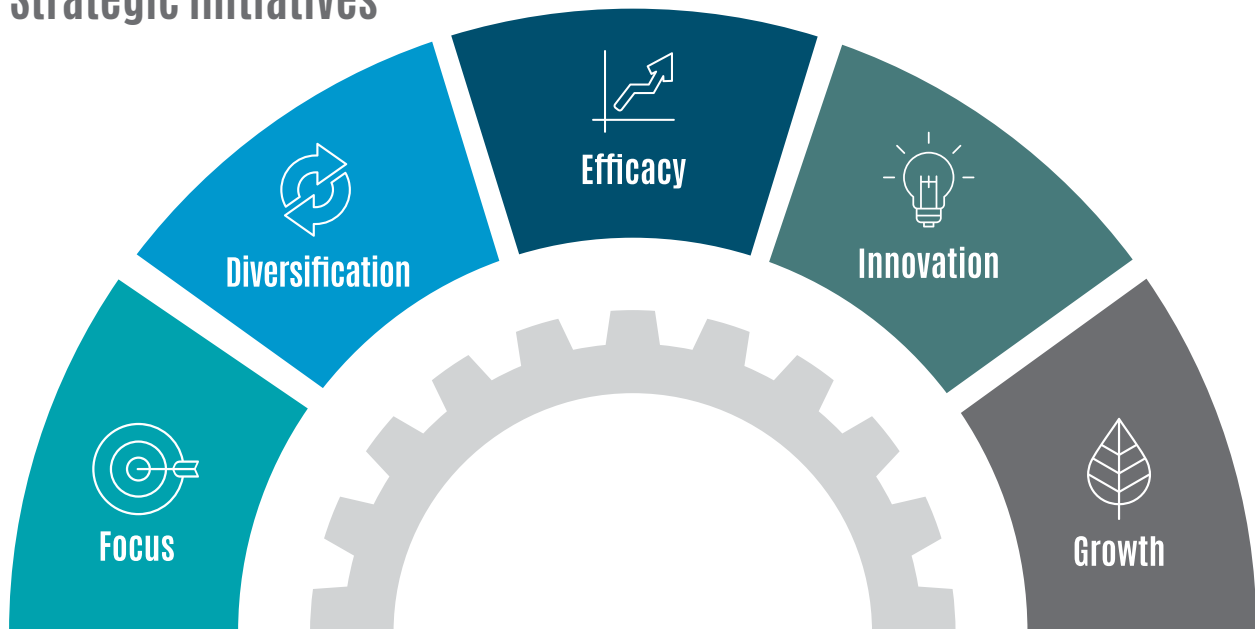
Investment products and target clients

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 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 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.

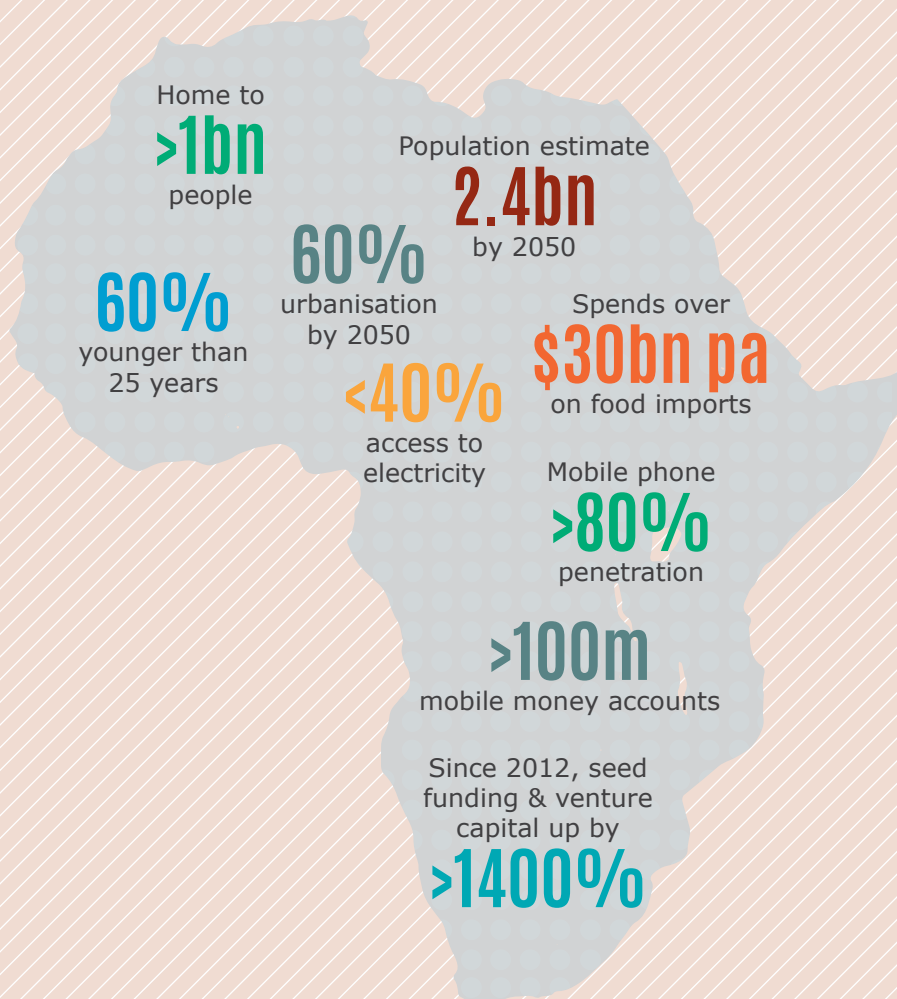
The investment follows our commitment to source specialists in niche business areas which are outside the Group's core financial services expertise and investing in minority stakes in these businesses. Target companies are well-managed, self-sufficient and provide a balance in the Group's short-term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

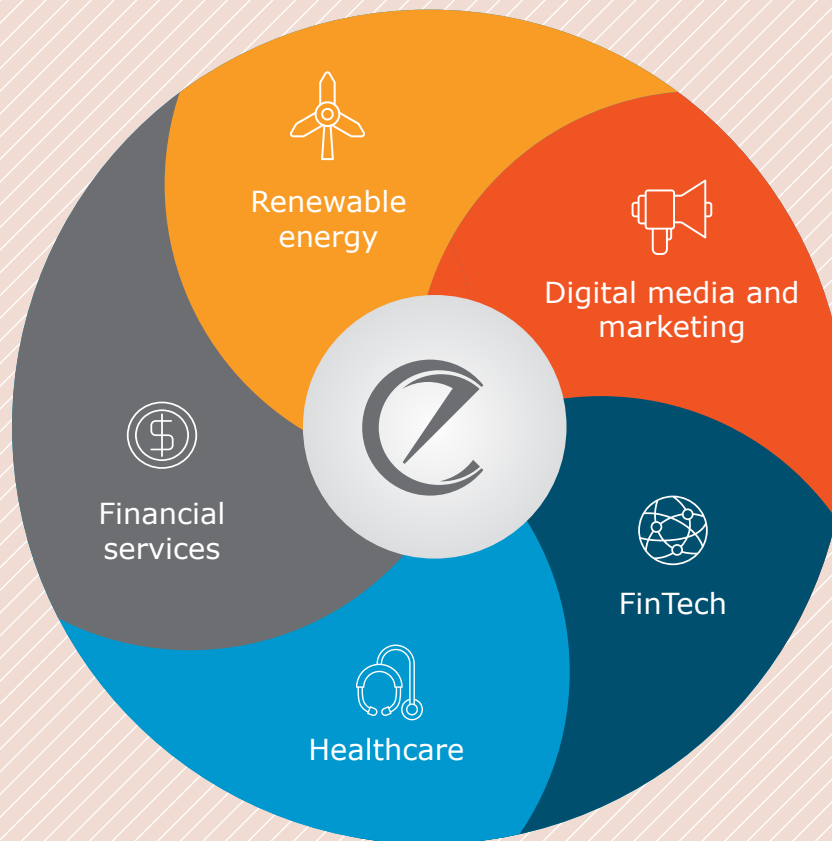
Africa has vast potential to scale up private investment rapidly. The continent will require some \$100 billion in new infrastructure each year, if it is to close its infrastructure gap. Yet less than half of that is currently financed. Add to this a labour force that is expanding by 20 million people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



A photograph of four business professionals in a modern office setting, seated around a table and engaged in conversation. The room features large windows that offer a view of a cityscape with greenery and buildings. A semi-transparent network diagram, consisting of white lines and circular nodes, is overlaid on the entire image, creating a sense of interconnectedness. The lighting is soft, and the overall atmosphere is professional and collaborative.

Corporate governance

Board of directors



Full details and abridged profiles of the Board of Directors can be viewed on the Group's website www.ecsponentlimited.com/leadership-team/

3



Richard Connellan
Independent non-executive
chairman

Appointed:
February 2011

Committees:
Remuneration and
Nominations



George Manyere
Non-executive vice chairman

Appointed:
March 2017

Committees:
Remuneration and
Nominations



Patrick Matute
Non-executive director

Appointed:
March 2017

Committees:
Social and Ethics



Keith Rayner
Independent non-executive
director

Appointed:
January 2011

Committees:
Audit and Risk,
Remuneration and
Nominations (chair)



Brandon Topham
Independent non-executive
director

Appointed:
November 2010

Committees:
Audit and Risk (chair),
Social and Ethics



Willem Oberholzer
Independent non-executive
director

Appointed:
March 2017

Committees:
Audit and Risk,
Social and Ethics (chair)



Terence Gregory
Chief executive officer

Appointed:
September 2010

Committees:
Social and Ethics



Dirk van der Merwe
Group financial director

Appointed:
February 2018

Committees:
Social and Ethics

Composition of the Board and subcommittees

The names of the directors in office are detailed below:

				Attendance			
Name	Nationality	Appointed	Committees	Board meetings	Audit and Risk Committee (ARC) 4 meetings Attendance	Social and Ethics Committee (SEC) 3 meetings	Nominations and Remuneration Committee (NRC) 3 meetings
Independent non-executive directors							
RJ Connellan (72)	South African	02/2011	Remuneration and Nominations	100%	Invitee	Invitee	100%
KA Rayner (61)	South African	01/2011	Audit and Risk Remuneration and Nominations (chair)	100%	100%	Invitee	100%
BR Topham (47)	South African	11/2010	Audit and Risk (chair) Social and Ethics	100%	100%	100%	Invitee
W Oberholzer (46)	South African	03/2017	Audit and Risk Social and Ethics (chair)	100%	100%	67%	Invitee
Executive directors							
TP Gregory (60)	South African	09/2010	Social and Ethics	100%	Invitee	100%	Invitee
DP van der Merwe (45)	South African	09/2010 & 02/2018 ²	Social and Ethics	100%	Invitee	N/A ³	Invitee
B Shanahan (33)	South African	12/2015 ¹	Social and Ethics	100%	Invitee	100%	Invitee
Non-executive directors							
G Manyere (41)	Zimbabwean	03/2017	Remuneration and Nominations	100%	Invitee	Invitee	80%
P Matute (35)	Zimbabwean	03/2017	Social and Ethics	75%	Invitee	0%	Invitee
E Engelbrecht (41) ⁴	South African	02/2012	Social and Ethics	0%	0%	0%	0%

¹ Resigned from subcommittees and as Financial Director effective 31 January 2018.

² Re-appointed as Financial Director effective 1 February 2018.

³ No committee meeting after 1 February 2018.

⁴ Resigned from Board and subcommittees on 31 May 2017.

Protecting stakeholder value

The Ecsponent Board



See the composition of the Board of directors on page 36 and 37.

Our Board of directors provides leadership and strategic guidance to protect stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The Board is led by our chairperson, Richard Connellan, and assisted by the vice chairperson, George Manyere.

The Board is ultimately responsible for the Group's performance and affairs, which includes protecting and enhancing the Group's wealth and resources, timely and transparent reporting, and always acting in the best interest of the Group and its stakeholders.

It is also responsible for ensuring that controls and procedures are in place to ensure the accuracy and integrity of accounting records.

The Board is responsible for ensuring that controls and procedures are in place to warrant that the accounting records provide reasonable assurance that assets are safeguarded from loss or unauthorised use. Furthermore, that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements.

The Board committees assist the Board in the discharge of its duties and responsibilities. Each Board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the Board's responsibilities.



These terms of reference are available at www.ecsponentlimited.com/governance

The Board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the Group.

The Board's alignment with the King IV governance framework

The Group is committed to the principles of openness, integrity and accountability as contained in the King Code. As a result, "governance" implies

far more than compliance with relevant legislation and best-practice principles. Instead, it revolves around a culture of accountability, transparency, efficiency, ethical conduct, respect, and a values-driven approach.

Corporate governance is incorporated across all areas of the Group's operations and enables enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

The Board works to fulfil the primary governing roles and responsibilities recommended in the King Code, which creates the foundation from which to determine responsibilities and objectives.

1

Setting and steering strategic direction

2

Approving policy and planning

3

Oversight and monitoring

4

Ensuring accountability

These include:

In fulfilling its mandate, the Board deliberates with executive management over strategic direction, financial goals, resource allocation and risk appetite. The strategy is filtered through to management, which guides the Group's activities within the governance framework to create value for all stakeholders.

Through this framework, the Board delegates the Group's day-to-day management to the executive directors, without relinquishing the Board's responsibility.

Delegation of authority

The Board, in consultation with the Group finance function reviews the delegation of authority framework annually to ensure that financial limits remain appropriate, taking into consideration the size of the Group and its specific operational context.



Visit www.ecsponentlimited.com/governance to view our Corporate Governance statement and King IV compliance register.

The Board monitors the effective implementation of the authority delegated to the Group chief executive and has confirmed that, in the year under review, the Group chief executive acted within the authority delegated to him by the Board. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective implementation of authority and the King IV principles. The chief executive engages the Board on all critical decisions of the Group and all Board decisions are consistently based on ethical foundations.

Code of ethics

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders. In adhering to its code of ethics, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity;
- Reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

Structure of the Board

The Board continues to operate with the majority of members being non-executive directors. Of these, most are independent, including the chairman. The Company conforms to King IV, JSE Listings Requirements and the Companies Act (2008) requirements. All Ecsponent's Board committees are constituted appropriately with the majority of committee members being independent non-executive directors.

Independence of the Board and Board balance

There is a clear division of responsibilities between directors and the roles of the chairman and chief executive office are separated to ensure a balance of power and authority. There exists a clear balance of power and authority at Board level ensuring that no one director has unfettered powers of decision-making.

No new Board members were appointed during the reporting period and at the period-end, the Board comprised eight directors – two executives,

four independent non-executives and two non-executives. All non-executive directors earn market-related fees.

The healthy balance of non-executive directors on the Board, of which the majority are independent, ensures independent decision making. The non-executive directors were selected based on their experience and skill set. The Group of independent non-executive directors provide independent opinion with no extraneous factors that materially affect their judgment. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the Companies Act, is excluded from the related decision-making process.

Appointment of executive financial director

The Company has appointed Dirk van der Merwe as its full-time executive financial director. The audit committee is satisfied that Mr. van der Merwe has the necessary and appropriate expertise and experience required of an executive financial director. The audit committee assesses the expertise and experience of the financial director and communicates their findings to shareholders annually.

Company secretary

The Board annually considers, and is satisfied that the Company Secretary, Lezanne du Preez-Cilliers, has the necessary and appropriate competence, qualifications and experience.

The Company secretary is not a director of the Company. An arm's length relationship is maintained between the Board and the Company secretary.

Interests of directors and share dealings



The directors' interests in the Company as at 30 June 2018 are detailed on pages 26 and 76 in the Directors' Report of the Financial Statements.



Visit www.ecsponentlimited.com//2018-financial-results to view this report.

Trading Company shares

The Company enforces a restricted period for dealing in its shares, in terms of which any dealings in shares by all directors and staff members with access to price-sensitive information are disallowed by the Board during closed periods and price sensitive periods. The policy for dealing in shares by all directors is as prescribed by the JSE's Listings Requirements.

Board committees

These committees all meet independently but report directly to the Board and decisions taken by such committees all require approval of the Board prior to implementation. The committees all operate in terms of approval charters, which define their roles. Details of the subcommittees, including responsibilities and members, are described below.



Board of directors
Chairman: Richard Connellan

Audit and Risk Committee

Chair: BR Topham

- Evaluating the Group's systems of internal financial and operational control and ensuring it has established appropriate financial reporting procedures and that those procedures are operating properly;
- Reviewing accounting policies and financial information to be issued to the public;
- Reviewing the Group's financial results and recommending these to the Board for approval;
- Facilitating effective communication between the Board, management and the external auditors;
- Recommending the appointment of, and determining the fees payable to, the external auditors;
- Ensuring suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Listings Requirements;
- Approving the level of non-audit services provided by the external auditors;
- Ensuring annually that the financial director has the appropriate expertise and experience; and
- Reviewing the critical business, operational, financial and compliance exposures and sustainability issues facing the Group, taking into account the severity and probability of such risks, and determining required solutions;
- Reviewing and approving any material amendment to the Group's risk appetite statement on an annual basis;
- Reviewing significant risk exposures and the steps, including policies and procedures, that management has taken to identify, measure, monitor, control, limit and report such exposures, including, without limitation, credit, market, fiduciary, liquidity, reputational, operational, fraud, strategic, technology (data-security, information, business-continuity risk, etc.), and risks associated with incentive compensation plans;
- Evaluating risk exposure and tolerance;
- Reviewing and evaluating the Group's practices with respect to risk assessment and risk management;
- Reviewing reports and significant findings with respect to the risk management and compliance activities of the Group, together with management's responses and follow-up to these reports, and reviewing significant reports from regulatory agencies relating to risk management and compliance issues, and management's responses.



The Audit and Risk Committee's report can be read in the Group's 2018 Consolidated Financial Statements, which are accessible via www.ecsponentlimited.com/2018-financial-results

“Providing leadership and strategic guidance to protect stakeholder value creation within a framework of prudent and effective controls.”

Nominations and Remuneration Committee Chair: KA Rayner

- Determining the broad policy for executive and senior management remuneration and the remuneration of the executive directors and Company secretary;
- Reviewing executive directors’ fees; and
- Assisting the Board in the appointment of directors that are suitably skilled, and after taking into account its policies on race and gender diversity.

Ensuring the establishment of a formal process for the appointment of directors, including:

- Identifying suitable members of the Board;
- Performing reference and background checks of candidates prior to nomination;
- Confirming directors’ appointment through an agreement between the Company and the director;
- Overseeing the development of a formal induction programme for new directors;
- Ensuring that inexperienced directors are developed through a mentorship programme;
- Overseeing the development and implementation of continuing professional development programmes for directors;
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution;
- Finding and recommending to the Board a replacement for the chief executive officer when that becomes necessary; and
- Ensuring that formal succession plans for the Board, chief executive officer and senior management appointments are developed and implemented.

Social and Ethics Committee Chair: W Oberholzer

Monitoring all aspects associated with the sustainable development performance of the Group, specifically relating to:

- Stakeholder engagement;
- Health and public safety, which includes occupational health and safety as well as the clinical quality of the Group’s services;
- Broad-based black economic empowerment;
- Labour relations and working conditions;
- Training and skills development of the Group’s employees;
- Management of the Group’s environmental impacts;
- Ethics and compliance; and
- Corporate social investment.

Nominations and Remuneration Committee Report

The Nominations and Remuneration Committee ("the committee") adopted the principles of the new Companies Act as well as King IV and discharged its responsibility fully in terms of its terms of reference during the financial period.

The Remuneration committee and Nominations committee were merged into a single combined committee in August 2017.

The committee comprised of independent and non-independent non-executive directors:

Member name	Function
KA Rayner	Chairman
RJ Connellan	Member
G Manyere	Member



Biographies of the committee members are available on the Company's website at www.ecsponentlimited.com/leadership-team/

The remaining directors are invited to attend the committee meetings.

The committee met three times during the period ended 30 June 2018, and attendances by the members were 93%.



Individual attendances can be seen on page 37 of this report.

The role of the committee is to:

- Assist the Board by performing an objective and independent review of the functioning of the organisation's remuneration mechanisms. It exercises its functions through close liaison and communication with management.
- Operate as an overseer and a provider of recommendations to the Board for its consideration and final approval regarding nominations to the Board. The committee assists the Board to ensure that:
 - the Board has the appropriate composition for it to execute its duties effectively;
 - directors are appointed through a formal process;
 - induction and ongoing training and development of directors take place; and
 - formal succession plans for the Board, chief executive officer and senior management appointments are in place.

Background statement: Remuneration committee

The Group will remunerate staff fairly and consistently according to their role and individual value. The consistent application of the remuneration system throughout the Group is a priority. Remuneration trends are taken into consideration so as to position the Group strategically to ensure competitive remuneration within the parameters of affordability, as far as is achievable and sustainable.

At the annual general meeting of shareholders held 4 August 2017, 100% votes were received in favour of the remuneration policy and the implementation report. It is intended that the Company's remuneration policy and implementation report will be tabled for a separate non-binding advisory vote by shareholders at each annual general meeting. In the event that the remuneration policy or the implementation report are voted against by 25% or more of the votes exercised, the announcement on the voting results will provide an invitation to dissenting shareholders to engage with the Company and will specify the manner and timing of such engagement.

No substantial changes were made to the remuneration policy, nor was any remuneration consultants used during the reporting period.

Background statement: Nominations committee

The committee is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities and that it has fulfilled its responsibilities in accordance with the terms of reference for the reporting period.

The committee has identified the need to promote gender and race representation. The committee will continue to monitor its gender and race diversity.

Overview of remuneration policy

The Group's remuneration policy is reviewed by the committee and approved by the Board.

The aim of the remuneration philosophy is to:

- communicate the remuneration commitments and expectations to the staff;
- strengthen the organisational culture and underlying values of the Group;
- guide and facilitate the remuneration implementation plan;
- describe the manner in which the Group manages remuneration at the organisational level so that it is fair and consistent; and
- serve as standard for the evaluation of the successful implementation of the remuneration policy and remuneration strategy.

The remuneration strategy is based on the following central principles:

1. Transparent communication
2. Non-discriminatory practices
3. Internal equity
4. External parity
5. Performance-driven remuneration
6. Affordability
7. Continued learning
8. "Cost of Employment" package approach

The Group's philosophy is to emphasise the link between remuneration and performance. In order to implement the philosophy an appropriate performance management system will be developed and implemented to differentiate between excellent, average and below average performers. A major objective of the remuneration system is to reward overall contribution rather than status or position. Performance awards are subject to affordability and based on excellent, world-class performance. Performance awards are earned every year from scratch.

The policy ensures that all staff are remunerated fairly, responsibly and in line with industry standards so as to attract and retain the talent required to achieve the Group's strategy and to create sustainable value.



The remuneration policy can be viewed on the Company's website at www.ecsponentlimited.com/group-remuneration-policy/

Implementation report



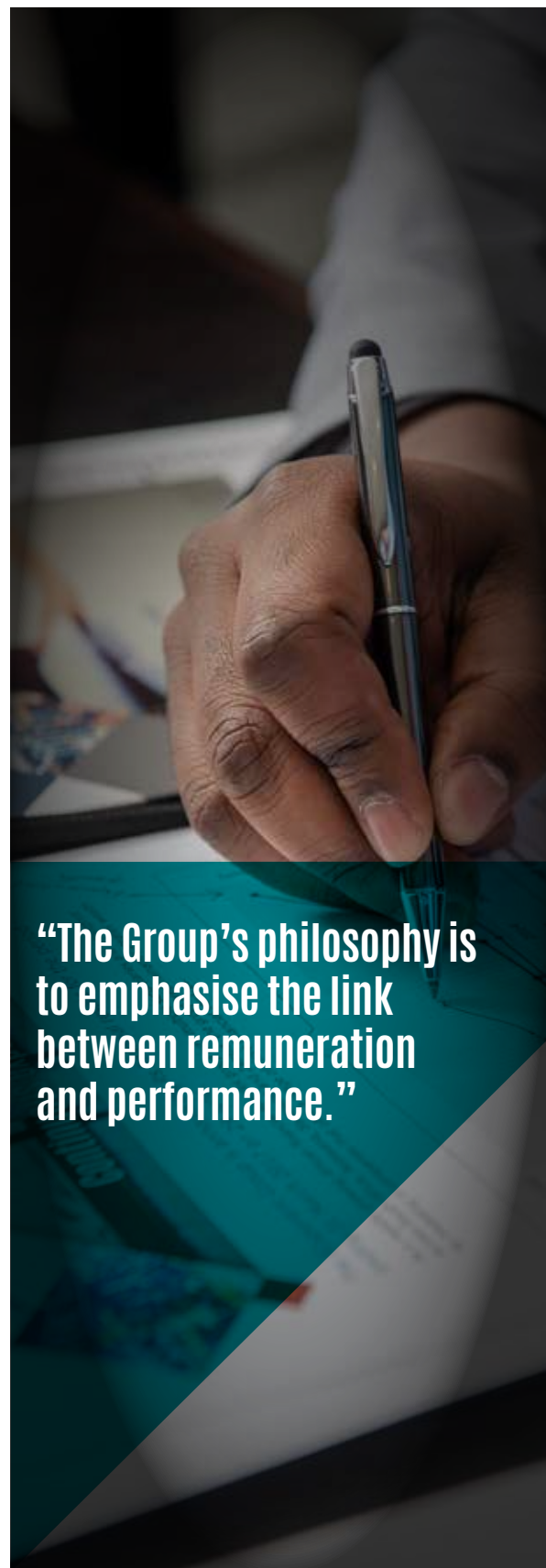
The remuneration of the Board and executive management are disclosed in the annual financial statements and can be viewed on at www.ecsponentlimited.com/2018-financial-results/

Non-executive fees are motivated by the executive directors and ratified by shareholders by special resolution during each annual general meeting.

On behalf of the Nominations and Remuneration Committee

KA Rayner
Committee Chairman

"The Group's philosophy is to emphasise the link between remuneration and performance."



Risk and opportunities

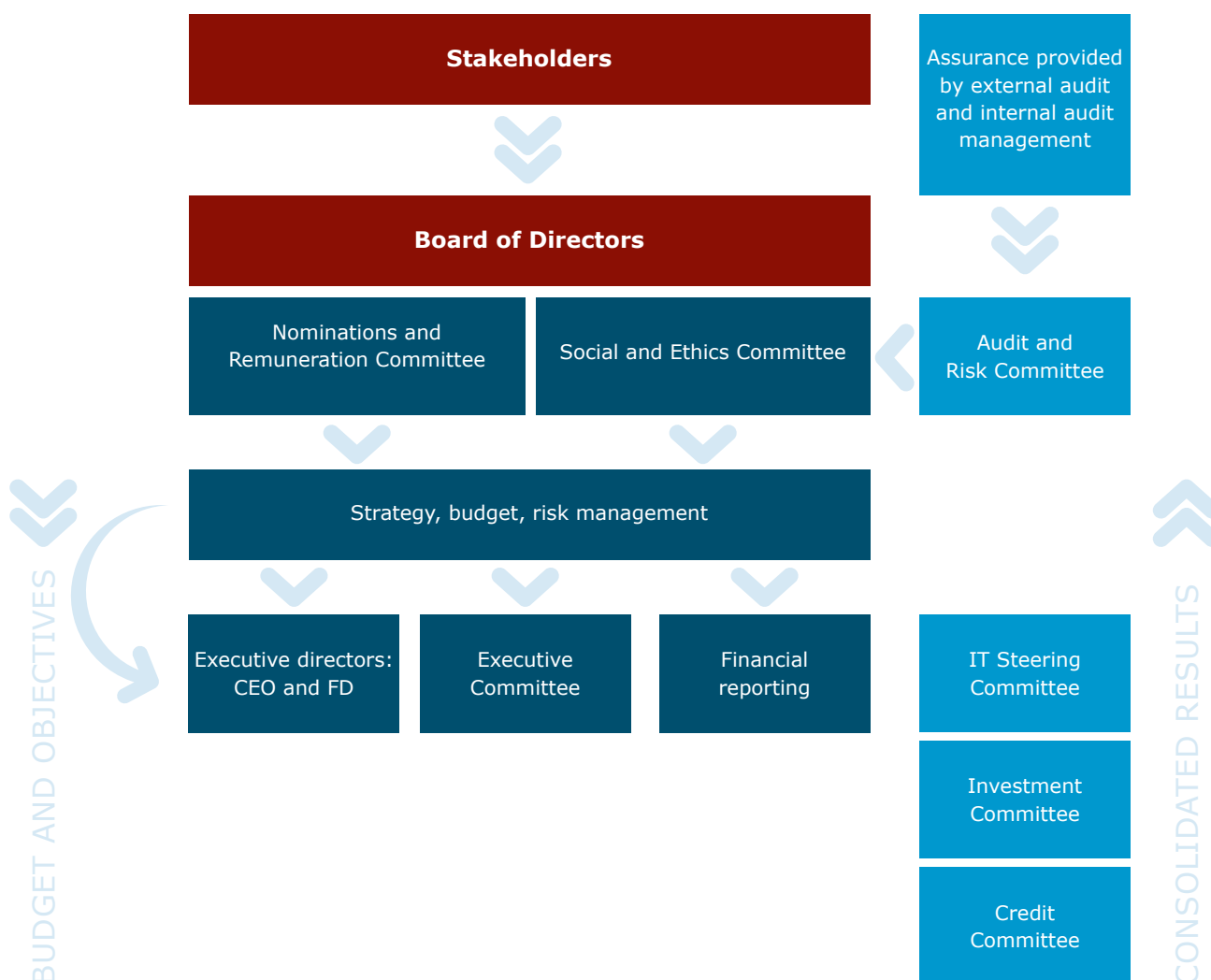
Risk

The diverse nature of the Group places an increased responsibility on the Board of directors to manage the associated risk. The constitution of the Board is such that control rests with the independent non-executive directors, providing the balanced influence contemplated by King IV.

The Group's risk management is achieved by means of a multi-tier approach. Firstly, a high-level review of the inherent risk in the business is managed through the Audit and Risk Committee, which is tasked with identifying risk and managing the same on behalf of the Board. At an operational level, alignment is achieved with the Group's objectives through a robust objective and budget-setting process. Group objectives are cascaded downwards to provide direction whilst subsidiary budgets are consolidated to provide group financial management.

Detailed operational dashboards are in place which enable management to identify deviations and provide remedial intervention where required. Regular review of market conditions and performance to budget provides oversight of the operational risk profile.

Corporate governance structure and risk management



The risks affecting Group strategy and value creation

The Board, assisted by the audit and risk committee, continuously monitors the top risks to ensure timeous value creation or preservation action in line with its approved risk appetite and risk management strategy.

Transpiring risks	Strategic response in mitigation	Inherent risk rating
External risks Risks associated with external factors such as economic, political or legislative change.	1. Macro-economic risk Slowing local and global economies as a result of economic and socio-political factors that could result in poor investment performance due to reduced aggregate demand, profit margins, earnings growth, etc.	<ul style="list-style-type: none"> Employing risk management practices that seek to understand and prepare for the effects of adverse macro-economic outcomes on our business. Moderate
	2. Sovereign credit risk Credit downgrades that impair the entire stock market and local economy.	<ul style="list-style-type: none"> Geographical diversification. Systematic monitoring of macroeconomic environment. Relatively small management structure enables agile responses to market changes Significant
	3. Regulatory risk Unintentional non-compliance may cause significant financial loss.	<ul style="list-style-type: none"> Proactive identification and acting on legislative changes. Low
	4. Tax risk Unanticipated tax liabilities from strategic decisions or from unexpected changes in tax legislation may cause significant financial loss.	<ul style="list-style-type: none"> Ongoing advice from independent tax specialists. Moderate
Strategic risk Risks resulting from the definition, implementation and continuation of the Group's strategic planning and developments.	1. Concentration risk Significant loss arising from concentrated exposure to a particular counterparty or group of counterparties (e.g. creditors, investments, asset class).	<ul style="list-style-type: none"> Continuing dynamic monitoring and determining of credit and investment concentration risk appetite. Moderate
	2. Compliance and legal risk Unintended non-adherence to regulation and legislation.	<ul style="list-style-type: none"> Maintaining and enhancing systems to ensure awareness and compliance. Low
	3. Reputational risk An action, event or transaction may compromise the brand.	<ul style="list-style-type: none"> Protecting and enhancing the brand and reputation with the highest ethical standards. Moderate
	4. Conduct and culture risk The risk of harm being caused to the Group, its clients and markets due to inappropriate execution of business activities.	<ul style="list-style-type: none"> Continuously working to embed and monitor conduct-related metrics in business units and corporate functions across the Group. Low
	5. Shareholding concentration Concentrated shareholding could cause illiquidity.	<ul style="list-style-type: none"> Developing strategies to increase free float shares in issue. Moderate

Risk and opportunities (continued)



3

	Transpiring risks	Strategic response in mitigation	Inherent risk rating
Strategic risk (continued)	6. Independence and conflict of interest The possibility that decisions by the Board or Company management could be perceived as prejudiced and conflicted.	<ul style="list-style-type: none"> Delegation of authority documented. Declarations of interests by Board members and prescribed officers. 	Low
	7. Talent risk Failing to attract and retain employees with the right skills, education and experience to help the Group achieve its objectives.	<ul style="list-style-type: none"> Review recruitment processes to attract and employ candidates with scarce skills at the right reward levels, while maintaining strong talent management and employee relations in line with our brand and culture. 	Moderate
Financial risk Risks resulting from the definition, implementation and continuation of the Group's strategic planning and developments.	1. Liquidity risk Inability to meet financial obligations as they fall due, or the failure to convert a security or asset to cash without a loss of capital and/or income.	<ul style="list-style-type: none"> Monthly forecasting and reporting to determine liquidity requirements. 	Low
	2. Investment strategy risk Future net cash flows from acquisitions, investments and/or joint ventures failing to realise the projections upon which the initial purchase consideration or arrangement was based may lead to value destruction for shareholders.	<ul style="list-style-type: none"> Investment Committee gains a proper understanding of the businesses of the investee companies. Appropriate Ecsponent representatives on the Board of investee companies. Systematic portfolio reviews. Diversification of the portfolio. 	Moderate

“The Group’s risk management is achieved by means of a multi-tier approach. Detailed operational dashboards are in place which enables management to identify deviations and provide remedial intervention where required. Regular review of market conditions and performance to budget provides oversight of the operational risk profile.”

	Transpiring risks	Strategic response in mitigation	Inherent risk rating
Financial risk (continued)	3. Credit risk The risk of significant loss of capital as result of a borrowers’ failure to repay loans or meet their contractual obligations.	<ul style="list-style-type: none"> ▪ Ecsponent’s Credit Committee takes a conservative view when managing credit risk. ▪ Credit exposure is reviewed monthly and adjusted to reduce credit risk and further improve the quality of assets held. ▪ Credit process and credit governance are managed competently, with a growth enabling risk appetite. ▪ All credit transactions are secured by at least 100% security so that the Group is never in an unsecured position. 	Significant
	4. Capital management risk The risk of the Group’s capital base falling to a level that would prevent growth.	<ul style="list-style-type: none"> ▪ Prudently managing our capital and balance sheet. ▪ Limits, rules, formal delegations of authority and segregation of duties in place. 	Moderate
	5. Foreign currency risk The risk of adverse movements in currencies which can result in the fair value or future cash flows of a financial instrument will fluctuate due to currency movements.	<ul style="list-style-type: none"> ▪ Diversification of operations outside of the Common Monetary Area. ▪ Spread of investments across multiple currencies. ▪ Ongoing review and management of risk. 	Significant



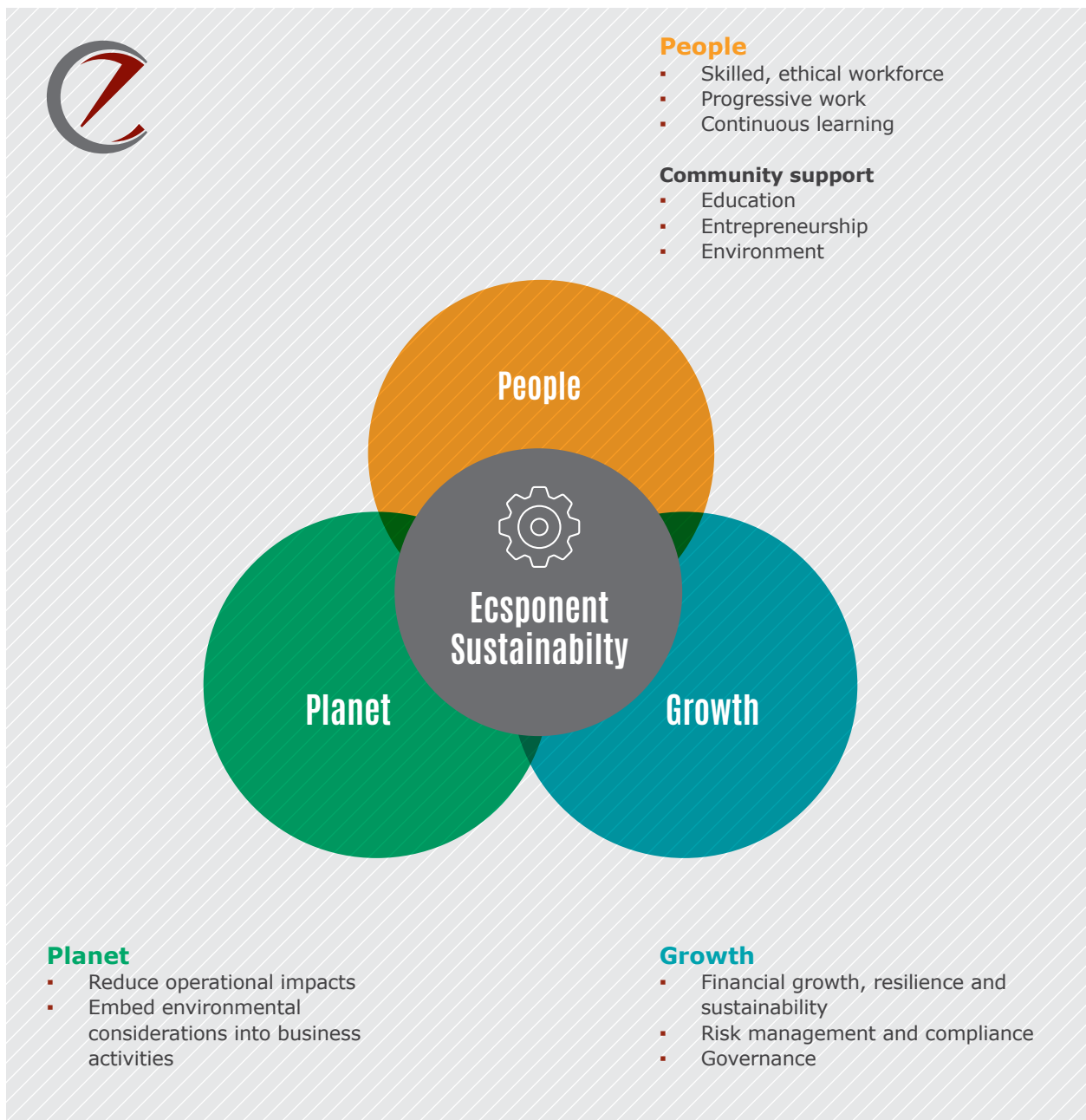
A more comprehensive analysis is disclosed in note 4 to the annual financial statements on page 47.

Sustainability reporting

Our purpose to create sustained long-term wealth for our stakeholders guides us to strive to positively influence each of our core business units and every society in which we operate. This Group's foundation is built on the application of sound business practices and strong, ethical and sustainable practices across all levels of business.

What sustainability means to us:

- Building a sustainable business model to position the Group for long term growth.
- Attracting and developing a capable, diverse and strong workforce.
- Contributing to society and to the economic well-being of our communities, largely by developing entrepreneurs to establish economically viable business ventures in previously disadvantaged communities.
- Considering environmental variables and making a positive impact on the environment through our operations and business activities.
- Growing and preserving shareholders' and stakeholders' wealth, based on relationships of trust.



Growth

Our diversified and balanced business model

We aim to maintain an appropriate balance between revenue earned from operational activities and generating long-term revenue from investment activities through our Equity Holdings portfolio. This ensures that we are not overly reliant on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.

Overview of the 2018 financial period

Sound performance despite challenging operating environments:

- During the financial period, macro uncertainty and volatility affected the operating environments in each of the Group's business territories.
- Net new capital inflows – from retail and institutional sources – and profitable credit activities supported sound performance.
- The Group successfully leveraged its ability to provide clients with a broader investment offering, increasing its client base and deepening its core value proposition.
- Continued investment in defensive industries, in accordance with our investment philosophy, continues to support growth initiatives in the overall business.
- Geographical and operational diversity continues to support a stable recurring revenue base and earnings notwithstanding varying market conditions.

Shorter-term liquidity generating activities

Revenue contribution

85%

Activities

- SME credit
- Enterprise development
- Wealth advisory services
- Specialist procurement and logistics

Types of revenue

- Fees
- Commission
- Interest
- Non-interest income
 - Advisory and knowledge-based fees
 - Fair value gains/losses
 - Investment income

People

Ecsponent people

Ecsponent employees remain critical to continued business success and to overall sustainability efforts. The expertise and dedication of staff are fundamental in meeting our clients' needs and delivering distinctive results. We employ passionate and talented people who are empowered and able to perform extraordinarily.

Additionally, our organisational culture lends itself to recognition and development through a flat management structure. We continuously engage with our people through platforms such as employee engagement sessions, climate surveys, open and honest management style, and strategy update sessions. Our approach to these interactions is guided by our code of ethics and our values.

We are further satisfied that our employment practices are non-discriminatory and meet both ILO labour standards as well as those prescribed by the Labour Relations Act and the Basic Conditions of Employment Act.

Gender diversity

Currently there are several female senior management executives active in the operations and management of Ecsponent and its subsidiaries, but no female members on the Ecsponent Board. However, through its Remuneration and Nominations committee, the Board is aware of the need to promote gender representation. The directors believe that the composition of a Board that provides effective leadership is to be driven by a wide variety of factors, and each individual Board member is selected based on skills, experience, industry knowledge, independence and integrity.

The Company will continue to monitor its gender diversity and disclose the results to shareholders annually.

Race diversity

The Group promotes a culture that provides all employees with opportunities to advance to their optimal levels of career development. We believe that the current composition of the Board reflects its commitment to improve race diversity. Any new Board members appointed will be after consideration of the race diversity policy.

Black Economic Empowerment

The Ecsponent Group understands the importance of transformation in the context of our continued growth and the financial inclusion of historically disadvantaged communities to drive greater economic expansion. We recognise that the current

“We continuously provide educational and informative material through a wide range of mediums.”

income inequality in the country is not sustainable and as such we need to use our collective efforts to address transformation in its broader context.

Given the importance of the country's transformation objectives, and our own initiatives in developing emerging businesses through our enterprise finance model, it is our objective to transform and reposition Ecsponent in alignment with the South African government's transformation objectives.

As such, in the wake of the Group's realignment, our short-term goal is to have the Group's B-BBEE contribution verified by an independent assurance provider. Once complete, the verification process will be completed annually to document our progress.

Secured Business Credit to Small and Medium Enterprises (SMEs)

SMEs employ the largest portion of people in sub-Saharan Africa and are the backbone of these economies. Access to capital is one of the most significant barriers to entry and growth for this sector. Through our Secured Business Credit products, we are able to contribute to relieving financial exclusion and boost 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.

Supply Chain and Procurement Management Services

Emerging businesses and previously disadvantaged individuals with purchase orders and/or tenders from large corporate businesses often lack the funding, skills and expertise to fulfil these orders profitably. As a result, these emerging businesses and business operators fail to meet the criteria set by large corporate businesses and as a result fail to graduate to permanent supply chain lists and formal banking solutions, which improves financial inclusion rates.

Financial inclusion is not just about the banks or access to credit but is critical for reducing inequality, improving the welfare of societies and overall economic development. By supporting emerging businesses with access to funding, procurement and logistics support, financial skills development and mentoring, otherwise not available them, Ecsponent plays a role in growing the rates of financial inclusion in our territories of operation.

Venture capital investments

Our investment in Capitis (» see page 32) will enable us to support economic development by investing in emerging businesses that have significant growth potential. Capitus is a 12J registered venture capital firm, which provides the Group with a tax benefit.

Procurement

We recognise the potential for our Supply Chain Solution (» find out more: www.ecsponentlimited.com/credit/#supply-chain-solution) to be an agent for change in respect of different aspects of sustainability. This solution provides large corporate business with an effective way of managing preferential procurement, improving reliable delivery whilst ensuring true social upliftment and skills transfer for local enterprises.

In the community

Ecsponent understands that our role is integral to support the development of sustainable businesses which, in turn, support communities and grow our economy. While we support a wide variety of organisations through donations and sponsorships, our focus remains on organisations that promote socio-economic development and entrepreneurial growth.

We will continue focusing on enhancing our relationships with existing community projects partners, while developing a pipeline of support to develop entrepreneurial skills and, in so doing, provide much needed support to South Africa's socio-economic development plans.

Consumer education

We continuously provide educational and informative material on large-scale economic events, personal financial management and business management through a wide range of mediums, enhancing our reputation and brand as responsible business.

Communication with stakeholders

The Group is committed to a policy of effective communication and engagement with its stakeholders on issues of mutual interest and subscribes to a policy of open, frank and timeous communication in its activities on both financial and non-financial matters.

Planet

As a niche financial services Group with a small physical presence, the direct environmental and social impacts of Ecsponent's daily operations are limited.

We have taken steps to conserve electricity and water consumption by moving into green-friendly premises, migrating towards electronic filing to reduce waste, implementing world class video conferencing system to reduce carbon output due to travel.

Additionally, in recognising that we have a responsibility to understand and manage our wider environmental and social footprint, the Group:

- Will consider any meaningful activity that either reduces the negative impact or prolongs life of our planet
- Believes that as a financial services organisation, we can make a meaningful impact in addressing climate change
- Will focus on creating awareness and encouraging behavioural change internally
- Is increasingly incorporating environmental considerations into our daily operations
- Recognises the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency and responsible lending and investing.

Investment and development

The area in which we can make the most meaningful contribution to the environment is through responsible funding, investing and supporting businesses involved in renewable energy.

Ecsponent Green

Ecsponent Green is an initiative to become accredited by the United Nations Green Climate Fund (UNGF). The objective is to place UNGCF funding in renewable energy projects in the developing countries where Ecsponent operates. Ecsponent, with its experience in successfully managing debt facilities and equity transactions, coupled with our commitment to the future of the planet, makes this initiative an obvious opportunity.

Renewable energy investments

The renewable energy sector on the continent is in its infancy and its development is to reducing the planet's reliance on fossil fuels.

In addition to the Ecsponent Green initiative, Ecsponent will, subject to shareholder approval, make significant investments in renewable energy businesses at commercial and residential level. It is our objective to be part of the significant growth this sector is poised for, while benefiting the planet for future generations.

"We recognise the challenges climate change present to the global economy and are finding opportunities to support activities that reduces the impact."

Our key relationships

As an African financial services Group, with multiple stakeholders across different levels of society and different geographic locations, our stakeholder relationships are critical to our strategy and continued sustainable growth.

Our stakeholders are those individuals or organisations that have an interest in and whose actions impact on our ability to execute our strategy. Our intention is to build and promote stakeholder engagement activities and relationships that are meaningful, and support us in fulfilling our purpose, enhancing our reputation and meeting regulatory requirements.

To do this, we apply a highly stakeholder-centric business model, which are nurtured and preserved through consistent interaction with our employees and consultants across all levels of the Group. To remain focused on our strategy and achieve our objectives, we engage with these stakeholders as follows:

Clients	
Nature of relationship	<ul style="list-style-type: none"> Emerging businesses and individuals Small & Medium Enterprises (SME) Large corporate businesses Green project developers
Stakeholders' needs and expectations	<ul style="list-style-type: none"> Excellence in client service. Ongoing and sustainable credit supply that improves and grows the clients' business and results in greater economic development. Responsible business services and solutions, and a trusted credit partner.
How we engage	Agreed and documented terms, fee structures and operating procedures, supplemented by regular communication.
How we create value	Understanding our clients' needs and developing innovative solutions that meet these specific needs.
Associated six capitals*	Financial, Human, Intellectual, Social and relationship
Shareholders and funders	
Nature of relationship	<ul style="list-style-type: none"> Ordinary and preference shareholders, and prospective investors. Retail investors and local and international investors and funders.
Stakeholders' needs and expectations	The assurance that the Group will continue generating sustainable, above average returns through capital appreciation and regular dividend payments to preference shareholders. Additionally, ongoing company communication regarding the Company's performance and strategy.
How we engage	Formal published communications via SENS, annual reports, the Group's website, shareholder meetings, investor presentations, and in the media.
How we create value	<ul style="list-style-type: none"> Increasing net asset value, returns and share price. Maintaining a strong balance sheet to protect against downside risk. Continuing to reward preference shareholders with stable, predictable dividend returns in return for the capital they provide for our expansion.
Associated six capitals*	Financial, Social and relationship
Employees and contractors	
Nature of relationship	A team of individuals employed in specialised functions to provide service to clients across Ecsponent's service offerings.
Stakeholders' needs and expectations	Career and personal development in a quality work environment within a successful and stimulating organisation, that ensures employment security and appropriate award for performance.
How we engage	Ongoing formal and informal engagement, managed primarily by the Group's business unit leaders, with the support of executives and the Group's Human Resources services, to provide employees with the guidance, motivation, feedback and recognition they require.



*See page 28 for more information.

Employees and contractors (continued)	
How we create value	<ul style="list-style-type: none"> Attracting and retaining committed people with the right skills and capabilities. Employing citizens in the jurisdictions where we operate to harness the potential of a multigenerational, pan-African local workforce. Creating new job opportunities as we grow. Developing our employees to further their careers and improve our services and products and rewarding them for the value they add. Motivating and energising our workforce.
Associated six capitals*	Human, Financial, Social and relationship
Society and communities	
Nature of relationship	Society and communities represent the citizens of the countries in which we operate, comprising individuals, local business and suppliers.
Stakeholders' needs and expectations	Sound corporate governance and acting as a responsible corporate citizen, using its resources to promote social, environmental and other common agendas to build a thriving society.
How we create value	<ul style="list-style-type: none"> Building a sustainable business model to position the Group for long term growth. Accelerating inclusive economic growth largely by developing entrepreneurs to establish economically viable business ventures in previously disadvantaged communities. Investing in sub-Saharan Africa's infrastructure, notably that of renewable energy, financial services and health. Supporting innovation and investment that drives financial inclusion, education and a green economy. Harnessing the commercial opportunities of addressing societal challenges. Making a difference through our partnerships and CSI activities.
Associated six capitals*	Human, Intellectual, Social and relationship
Regulators and industry bodies	
Nature of relationship	<ul style="list-style-type: none"> Central banks, like SARB, in all areas of operation. Local financial services regulators of countries in which we have representation or operations, including the FSCA in SA. Various government departments, such as the Department of Trade and Industry (the dti), Department of Labour, National Treasury, Financial Intelligence Centre (FIC) and the JSE.
Stakeholders' needs and expectations	<ul style="list-style-type: none"> Maintaining the required levels of solvency and liquidity. Responding to the heightened risk environment, particularly cybercrime. Implementing strategies to prevent financial crime, fraud and money laundering Complying with all legal and regulatory requirements. Being a responsible taxpayer in all jurisdictions where we conduct business.
How we engage	<p>In all jurisdictions where we conduct business, we:</p> <ul style="list-style-type: none"> Strive to comply with legal and regulatory requirements, and maintain direct relationships with role players. Are responsible taxpayers and equitable employers.
How we create value	<ul style="list-style-type: none"> Embracing sustainable business practices and regulatory compliance that enable a safe and stable economic system and a thriving society.
Associated six capitals*	Intellectual, Social and relationship, Manufactured



nine, and
both



Subdivisions of main company



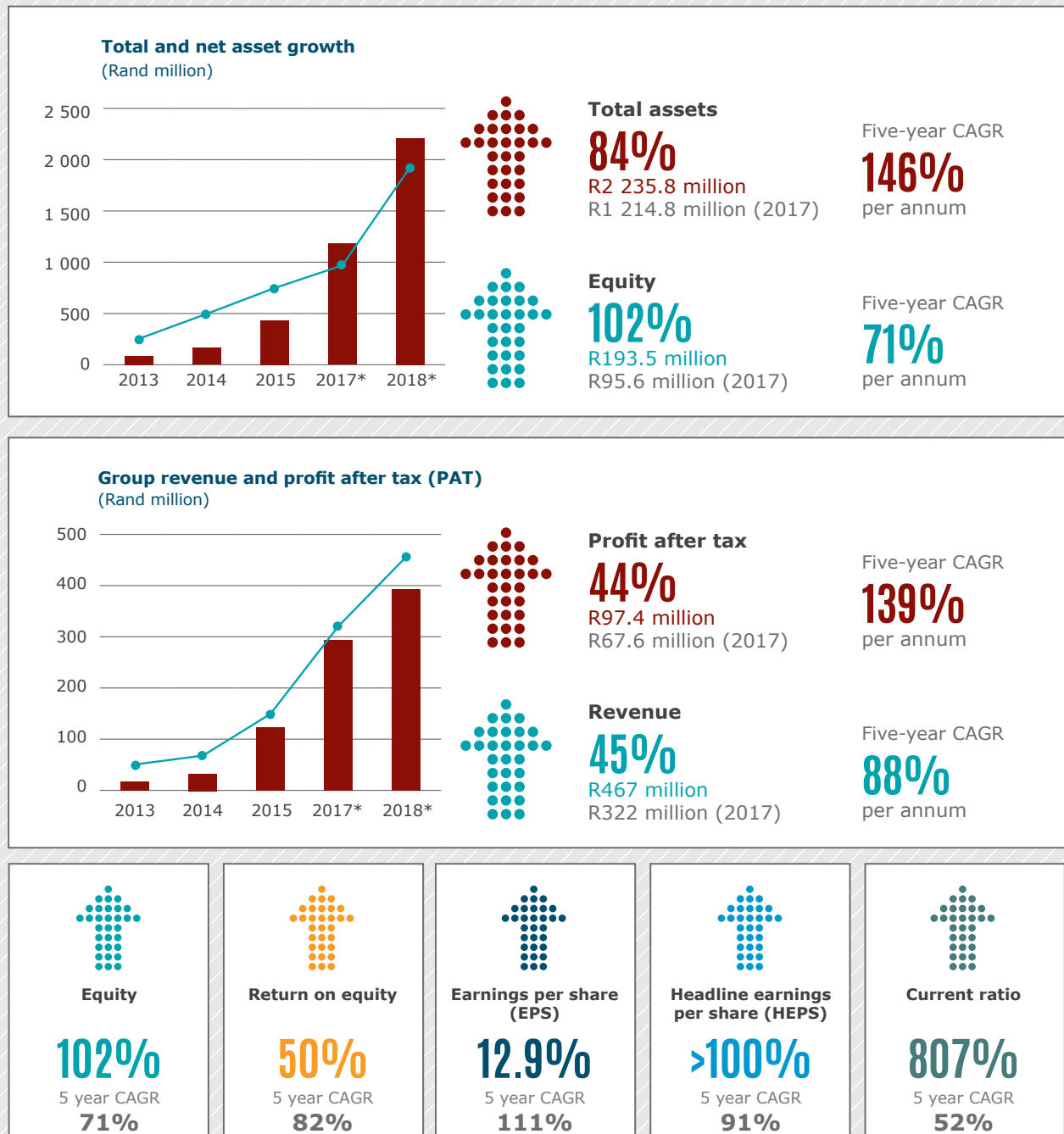


Our investment case

Our investment case

History of exponential growth

Ecsponent has continued to provide consistent growth in all key financial indicators for the last five years. Our returns, and investment offerings have been consistent and reliable.



CAGR = Compounded Annual Growth Rate

*15 month financial periods.

Attractive investment offerings

Ordinary shares JSE:ECS

Annualised returns with dividends reinvested to 26 September 2018:
Five years 13.00% p.a.
P/E (Price/Earnings) 5.04

Preference share programme

R5bn JSE-listed preference share programme

Fixed dividend rates offer a stable, predictable monthly dividend payment. Or 70% capital growth over the five-year term.

Redeemable, i.e. capital is returned at the end of the term.

Bond programme and other debt structures

Formalised listed bond programme to be introduced in Q4 of 2018.

Bespoke debt agreements with local and international investors, both retail and institutional.

What we offer



Investments in defensive and growing market sectors.

Innovative organic and acquisitive growth of new business streams.

Strategic diversification across geographies, currencies, industries, products and services hedges against risk and allows us to capitalise on opportunities.



In-house talent pool cultivates high caliber employees, attuned to the Group's culture and knowledge intensive business model.

Highly entrepreneurial culture, thrives on change and driven by innovation.

Flexible and highly adaptable to a changing environment.



Buoyant African SME sector resulting in an increased demand for credit.

Emerging market investment.

Continuously embracing, investing in and leveraging off next generation technology.

Geared infrastructure: managing a network of interconnected activities from central corporate office, which duplicates revenue streams while maintaining a low overhead cost base.



Proven track record on governance and compliance.

Strong stakeholder relationships.

Expert, focused and hard-working management teams, committed to achieving results within a strict governance framework.

Defined strategic focus, and a shared vision, shared across all levels within the Group.



Listed on the Johannesburg Stock Exchange since 1998.

Triple digit growth annually since introduction of new management team in 2010.

Return on equity growth of 50% per annum for last five years.

Rand hedge - >30 of total assets are held outside of the Common Monetary Area.



Forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Ecsponent as well as certain of the plans and objectives of the Group. Examples of forward-looking statements include statements made about our strategy and future developments in our organic business.

Forward-looking statements can be identified generally as those containing words such as “anticipates”, “assumes”, “believes”, “estimates”, “expects”, “should”, “will”, “will likely result”, “forecast”, “outlook”, “projects”, “may” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include, but are not limited to, domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realise the benefits of this strategy, our ability to develop and market new products, changes in legislation, competitive activity, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Ecsponent operates, industry consolidation and competition.

As a result, Ecsponent’s actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, also see comments on Risk Management on page 44 of this Integrated Report.



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