SUMMARISED AUDITED
CONSOLIDATED FINANCIAL RESULTS

FOR THE TWELVE-MONTHS ENDED 31 MARCH 2021
OF AFRISTRAT AND ITS SUBSIDIARIES
("Abridged Report")

afristrat

AFRISTRAT INVESTMENT HOLDINGS LIMITED
(formerly Ecsponent Limited)
Incorporated in the Republic of South Africa
Registration number: 1998/013215/06
JSE Code: ATI - ISIN: ZAE000287587
Debt Issuer Code: ATID
Hybrid Issuer Code: ATIG
("**the Company**" or "**Afristrat**" or "**Group**")

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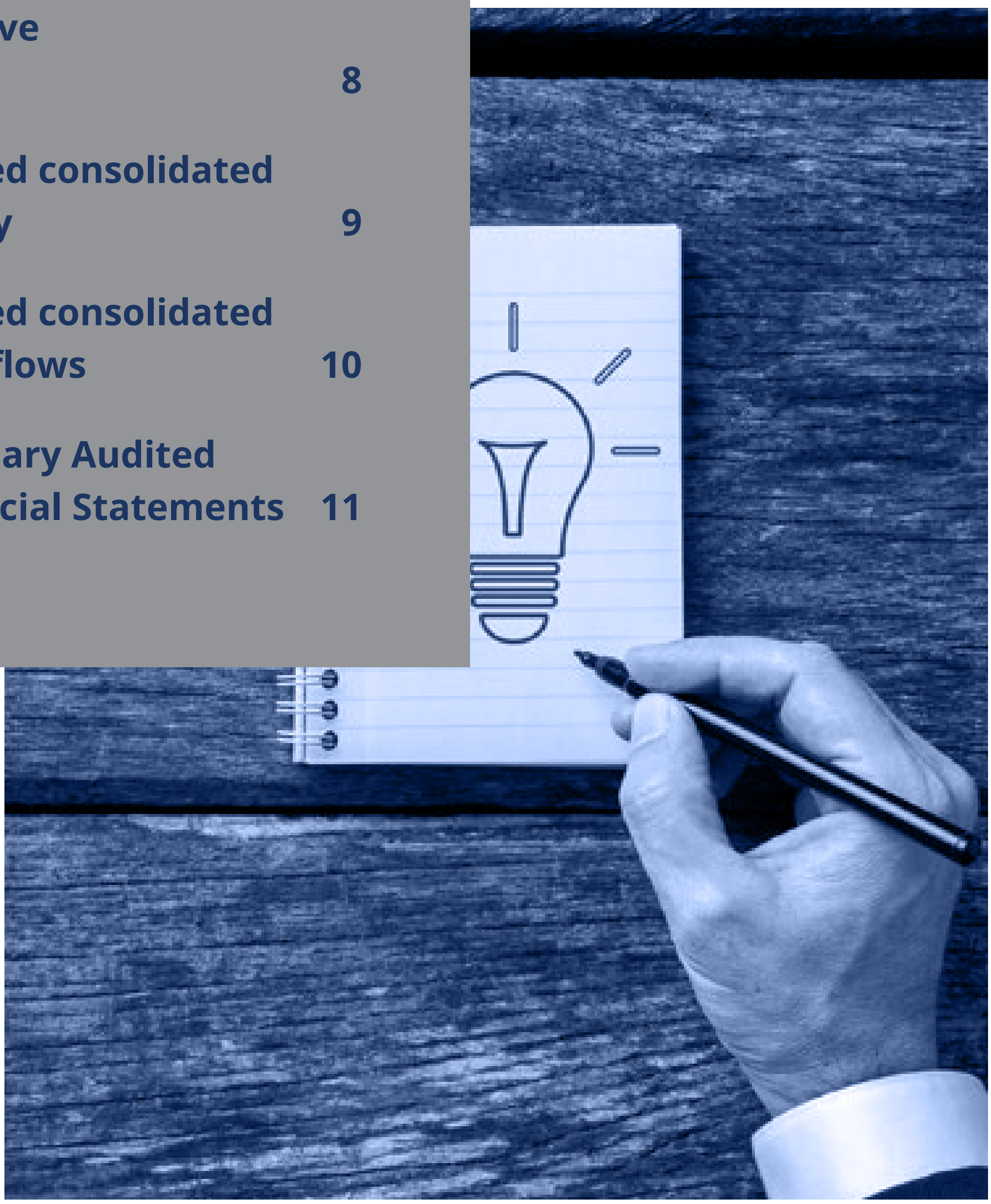

The board of directors of Afristrat ("**the Board**") presents the summarised audited consolidated financial results of the Group for the twelve-month period ending 31 March 2021.

This document provides a summary of the Group's financial results and position for the year ended 31 March 2021. For the full set of results and commentary, please visit our website, https://afristrat.ltd/investor-relations/. Printed copies of the full financial statements are available for inspection during office hours at Afristrat' s registered office in Pretoria.

The financial results for the year ended 31 March 2021 are presented in uncertain times with unprecedented worldwide social and economic turmoil due to Covid -19, currency volatility, as well as weak economic performance within the major southern African markets ("market turmoil") in which the Group's main investments operate.

Afristrat's Board implemented the following restructuring initiatives, in order to improve the solvency and liquidity of the Group:

- The restructure of the R5 billion preference share programme listed on the JSE Limited ("JSE") at the Extraordinary General Meeting on 27 May 2020 ("EGM") in order to improve the solvency and liquidity position and alignment with the liquidity profile of the Group's equity investments; resulting in Afristrat converting total preference share debt of R2.32 billion into equity, of which R1.8 billion converted into ordinary shares and R521 million converted into a new hybrid preference share.
- The implementation of the debt-to-equity conversion circular on 10 September 2020 resulting in the issue of 8 808 624 705 Afristrat ordinary shares to settle debt of R215.8 million.
- Entering into negotiations with debt holders to restructure debt facilities.
- Rationalisation of the business operations to reduce costs, resulting in a reduction of staff from approximately 80 to 12 and operational cost savings of up to 60%.
- New appointments to the Board and deployment of two previous Afristrat directors to the Board of its largest investment, MyBucks S.A.
- Exit of non-core investments through:
    - exit of capitis vehicle; and
    - proposed disposal of MyBucks Zambia for a consideration of USD1.5million, subject to in-country Reserve Bank approvals, in order to settle current debts.

The Groups' financial metrics compared to the prior year reflect the impact of the restructuring initiatives indicated above and are set out below:

- Total assets decreased by 53% to R705.6 million compared to R1.5 billion;
- Headline loss per share ("**HLPS**") decreased from 186.501 cents per share to a HLPS of 1.161 cents per share;
- Net interest from lending activities decreased from an interest income of R17 million to a net interest loss of R8.9 million;
- Total credit impairments decreased by 94% to R22.8 million compared to a prior year impairment of R356.27 million; and
- Fair value losses decreased by 77% to a loss of R390.97 million compared to a fair value loss of R1.69 billion.

The Board wishes to thank its shareholders for their support and vote of confidence in the rebuilding process commenced during this year, which was reflected in the overwhelming positive participation in the debt-to-equity transaction and at the annual general meeting.

OPERATIONAL REVIEW

Group Overview

Below is an overview of the Group's operations for the twelve-month period ended 31 March 2021.

Private Equity

The Board implemented various restructuring initiatives which included a strategic shift from a Group which focused on both private equity investments and financial services to a Group that focuses almost exclusively on private equity investments. Fundamental to Afristrat's future success is the portfolio of equity assets that provide platforms to unlock sustainable medium to long term returns. The equity business unit investment strategy is to invest in companies with significant intellectual property, which provide high barriers to entry, command sustainable margins and employ robust business models. The Group holds investments in banking, financial services, renewable energy, and mining.

The Group's investment portfolio as at 31 March 2021 consisted of:

Division	Investment
Banking and Financial Services	42.97% in MyBucks S.A. ("**MyBucks**")
	32.8% in Getbucks Microfinance Bank Limited ("**Getbucks Zimbabwe**")
Renewable Energy	70% in Invest Solar Africa Limited ("**Invest Solar Africa**")
Mining	51% in Chrome Valley Mining Private Limited ("**Chrome Valley Mining**" or "**CVM**").

The valuation of the Group's private equity portfolio has continued to be subject to extreme price volatility, with a further material devaluation of R319 million, compared to a R1.18 billion devaluation in the prior year, in its largest investment, MyBucks. The Board still believes the overall portfolio of investments provide the Group's investment platform with longer-term growth prospects. The current equity portfolio holds value which is estimated to require the next three to five years to fully materialise.

Below is a summary of the investments which are expected to contribute to the future value of the Group.

Banking and Financial Services

MyBucks and Getbucks Zimbabwe

MyBucks is an African focused banking Group incorporated in Luxembourg previously listed on the Frankfurt Stock Exchange. Through its presence in four African countries (Uganda*, Zambia*, Malawi and Zimbabwe), it provides financial products and services such as impact loans, unsecured credit, banking solutions and insurance products.

*Disposed of subject to regulatory approvals

During the year, the Group deployed two of its former non-executive directors to the Board of MyBucks, to perform an in-depth assessment and complete the final phase of restructuring in order to:

- accelerate the elimination of the debt overhang at the MyBucks holding company level;
- assess, develop and implement an effective strategy to rebuild value in MyBucks; and
- identify a roadmap to unlock future value for MyBucks and Afristrat.

During the year, MyBucks managed to effectively enter into various transactions and agreements to finally deal with all residual debt which amounted to EUR108million when the restructuring process commenced.

These initiatives resulted in the following announced transactions:

- Disposal of Opportunity Bank of Uganda to settle third party debts*
- Disposal of MBC Mozambique and MyBucks Zambia to settle third party debts*
- Disposal of 25% of MBC Malawi to settle third party debts*
- Disposal of Getbucks Botswana and Getbucks Mauritius to a related party

**Subject to in-country regulatory approvals*

After completion of all debt restructuring initiatives above, MyBucks will effectively remain with:

- An investment in Getbucks Zimbabwe of 52%.
- An investment in MBC Malawi of 27%.

An analysis of the final position has brought the realisation that the future prospects of MyBucks as an investment vehicle is unsustainable and would not provide any realistic turnaround value for Afristrat in the future. The Board therefore started a strategic review to actively pursue the best route to rebuild value from the remaining two assets in MyBucks, and to recapitalise Afristrat in order to rebuild its financial services and banking division which culminated in the announcement of the signing of the term sheet to acquire MHMK Financial Services, as announced on SENS on Tuesday, 18 May 2021. Refer to the subsequent events note for further details around the MHMK Financial Services acquisition.

OPERATIONAL REVIEW (Continued)

Renewable Energy

Invest Solar Africa

Invest Solar Africa, is an investment vehicle focused on renewable energy opportunities in markets within Africa. It focuses on small projects of up to 30 megawatts, a niche that early movers often ignore owing to a preference for larger scale projects. This project size generally attracts higher feed-in tariffs and, as technology evolves, can be scaled up to reduce the overall investment per megawatt, resulting in improved returns. Invest Solar Africa's project pipeline, coupled with an experienced team and a clear strategic path forward, should ensure that the entity grows from strength to strength.

Invest Solar Africa's target is to raise and direct a total sum of USD150 million in funding for renewable energy projects with an aggregate generation capacity of over 300 megawatts over the next five years.

Invest Solar Africa is in the final phases of commissioning the 20 megawatt Harava, Phase 1 Solar project in Zimbabwe. The 30 megawatt Zhenje and the 20 megawatt Harava Phase 2 Solar projects in Zimbabwe are in initial construction phase.

Invest Solar Africa has also commenced with the development of the following projects, which, in combination with the Zimbabwean projects, total a pipeline of 150 megawatts:

- a 20 megawatt plant in Botswana;
- a 20 megawatt plant in eSwatini;
- a 20 megawatt plant in Mozambique; and
- a 20 megawatt plant Zambia.

Mining

Chrome Valley Mining

ECS Private Equity Limited (formerly Ecsponent Botswana Limited) acquired 51% of Chrome Valley Mining (Private) Limited ("CVM"). CVM is a private exploration company incorporated in Zimbabwe that holds a total of 2 400 hectares (ha) of claims located 40 kilometres Northeast of Guruve town centre is in the extreme northern part of the Great Dyke. Zimbabwe is estimated to hold 12% of the world's resource of metallurgical chrome, mainly on the Great Dyke with a chromic oxide range of 47% to 60% and chromium to iron ratios ranging between 2:2 and 4:1.

The initial trenching work focused mainly on the 600ha first phase, comprising about 25% of the total Mining Claims. 753 metric kiloton (kt) of the Chrome mineral resources potential of 1 903kt was upgraded from a "deposit" to an inferred mineral resource as a result of the trenching work. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially extractable chrome deposits, and therefore the estimated mineral resource tonnage and grade have an associated risk of discovery and development. It is anticipated that further planned assessments during the next phase, being the initial diamond drilling exploration work, will result in an increase in confidence and an upgrade of some or all of the inferred mineral resources to indicated or measured resources.

An independent valuation was undertaken to obtain an indicative mineral asset value, performed in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("the SAMREC Code") and the South African Code for the Reporting of Mineral Asset Valuation ("the SAMVAL Code"). The indicative value placed on the inferred mineral resources contained in the initial 600ha is R357 million (R324.26 million as at 31 March 2020).

The investment is classified as an exploration asset.

Further development of this asset requires additional capital investment, in order to complete the full feasibility assessment. Based on the current political environment in Zimbabwe, opportunities remain constrained, and the Board is currently assessing the best option to build value from this investment, with a view to develop and extract value over the medium to long term.

Credit

The Group's Credit operations historically have provided secured credit to its commercial client base, consisting of emerging businesses and individuals, Small and Medium Enterprises (SMEs) and Large corporate businesses.

As stated above, the Group is in the process of exiting from its credit operations with a focus to provide funding to underlying private equity investments. Accordingly in the current year, no credit lending occurred in order to complete the restructuring process.

COVID 19 – IMPACT

The outbreak of Covid-19 and the resultant extended lockdowns has resulted in mass production shutdowns and supply chain disruptions resulting in ripple effects across all economic sectors; concomitantly, most countries have revised their growth forecasts downward. The duration of the Covid-19 pandemic and long-term magnitude of the economic shock on the Group's businesses, and those of its clients in the countries in which the Group operates, remains unknown and uncertain, however the implementation programmes and development of vaccines has provided a gradual return to normal operating activity, with the expectation being that operations will largely normalise during 2022.

Products and services

Due to the restructuring initiatives implemented in 2021, the impact of Covid-19 on the services provided by the Group has been minimal. The Interest Income reductions was largely attributable to the temporary suspension of the Credit Operations and the shift in focus to a Private Equity business.

The impact of the Covid-19 pandemic on the fair value movements in the Private Equity portfolio has been an increase in the fair value losses.

Supply chain deliverables

The resultant lockdowns placed constraints on the ability of Invest Solar Africa to complete the construction of the Harava project due to the inability to import products. These delays are now gradually reducing as import lines are returning to normal. This has had an impact on the expected completion date of the project and therefore future cash flows from the project, however the delays are not expected to exceed 12 months.

Debt covenants and restructuring

The resultant announcement of the preference share default process announced in 2020 and the subsequent disclosure around the restructuring initiatives of the debt facilities of the group has been impacted by Covid 19, as the implementation of negotiations with debt holders, the ability to conclude sale of non-core assets and engagements with debt holders, became more complex and tedious. Debt covenants related to the Invest Solar Africa project remains largely unaffected. Details around the negotiations of the SATF and Norsad facilities are disclosed in note 7.

Liquidity

As disclosed in detail in the going concern note, the liquidity position of the Group remains under pressure. The Groups interventions to address future cash flows are outlined in the Going Concern note 13.

PROSPECTS

Afristrat's private equity operations investment philosophy is to invest in a diversified portfolio of companies operating in high growth sectors and with an ability to generate a minimum return of 30% in South African Rands over a long-term period. Over the past year, the Company has established the necessary building blocks to redevelop and rebuild its private equity investment portfolio in very difficult and turbulent market conditions. The effects of the restructuring initiatives are starting to materialise.

The detailed and fundamental assessment of the prospects related to the MyBucks investment has necessitated the Company to reconsider its long-term plan in relation to this investment. The ability to rebuild a sustainable and value accretive business around the MyBucks investment has been determined as unfeasible. The Company is therefore in the process of extracting the maximum amount of value from any remaining assets held by MyBucks and developing a detailed strategy to rebuild its banking and financial services platform around these assets in a new structure, with the need for further recapitalisation and complementary acquisitions, through the MHMK Acquisition, considered as essential.

The Board will now focus on rebuilding its underlying equity investment and remains confident that the investments will provide returns in the medium to long term to its investors, being the next three to five years.

FINANCIAL RESULTS

Presented below are the summarised audited consolidated financial statements for the twelve months ended 31 March 2021.

Summarised audited consolidated Statement of Financial Position

		Group	
		Audited At 31 March 2021	Audited At 31 March 2020
	Notes	R '000	R '000
ASSETS			
Cash and cash equivalents		4 463	9 511
Assets held for sale		25 104	3 248
Current tax receivable		430	6 132
Trade and other receivables		14 620	30 387
Loans and advances	3	199 520	240 665
Other financial assets	4	90 292	243 624
Investments in associates	5	185 659	648 139
Mineral and exploration asset		20 740	23 719
Deferred tax asset	6	156 900	284 527
Property, plant and equipment		7 936	15 841
TOTAL ASSETS		**705 664**	**1 505 793**
LIABILITIES			
Bank overdraft		53	81
Current tax payable		137	23
Trade and other payables		74 210	61 838
Preference shares	8	15 836	2 341 548
Other financial liabilities	7	609 172	1 068 100
Note programme		169 762	161 099
Deferred tax liability	6	3 750	63 653
Lease liabilities		4 310	9 339
TOTAL LIABILITIES		**877 230**	**3 705 681**
ASSETS MINUS LIABILITIES		**(171 566)**	**(2 199 888)**
EQUITY			
Equity and reserves			
Share capital		2 164 347	145 170
Accumulated loss		(2 772 141)	(2 233 857)
Hybrid preference share		521 393	-
Foreign Currency Translation Reserve		(79 481)	(118 515)
Equity attributable to equity holders of parent		**(165 882)**	**(2 207 202)**
Non-controlling interest		(5 684)	7 314
TOTAL EQUITY		**(171 566)**	**(2 199 888)**

Summarised audited consolidated statement of profit or loss and other comprehensive income or loss

		Group	
		For the 12-month period ended 31 March 2021	For the 9-month period ended 31 March 2020
	Notes	R '000	R '000
Lending activities			
Interest income		53 134	119 145
Interest expenses		(62 043)	(101 724)
Net interest (loss)/income		**(8 909)**	**17 421**
Credit impairments		(11 907)	(344 812)
Loss from lending activities		**(20 816)**	**(327 391)**
Private equity			
Fair value loss	5	(390 973)	(1 696 902)
Dividend income		-	177
Reversal/(impairments)		1 639	(5 551)
Loss from private equity		**(389 334)**	**(1 702 276)**
Other business			
Other revenue		722	45 464
Cost of sales		(123)	(41 876)
Gross profit		**599**	**3 588**
Credit impairments		(10 907)	(11 464)
Loss from associate		-	(15 598)
Loss from other business		**(10 309)**	**(23 474)**
Loss before operating activities		(420 459)	**(2 053 141)**
Other income		22 099	143 338
Operating expenses		(61 180)	(114 423)
Finance cost		(31 415)	(258 694)
Loss before taxation		(490 955)	**(2 282 920)**
Taxation		(60 327)	262 958
Loss for the period		**(551 282)**	**(2 019 962)**
OTHER COMPREHENSIVE INCOME OR (LOSS)			
Items that may be reclassified to profit and loss:			
Exchange differences on translating foreign operations		39 035	(124 647)
Total comprehensive loss		**(512 248)**	**(2 144 609)**
(LOSS) AND PROFIT AND OTHER COMPREHENSIVE INCOME OR (LOSS) ATTRIBUTABLE TO:			
(Loss)/profit attributable to:			
Owners of the parent		(538 284)	(2 020 470)
Non-controlling interest:		(12 998)	508
		(551 282)	**(2 019 962)**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(499 250)	(2 145 117)
Non-controlling interest		(12 998)	508
		(512 248)	**(2 144 609)**
LOSS PER SHARE - BASIC AND DILUTED			
Basic and diluted loss per share (cents) attributable to equity holders of the parent	9	(1.157)	(187.158)

Summarised audited consolidated statement of equity

Group	Share capital R'000	Foreign currency translation reserve ("FCTR") R'000	Hybrid preference share R'000	Retained income / (accumulated loss) R'000	Non-controlling interest ("NCI") R'000	Total equity R'000
Balance as at 1 July 2019	**145 170**	**6 132**	**-**	**(213 387)**	**842**	**(61 243)**
(Loss)/profit for the period	-	-	-	(2 020 470)	508	(2 019 962)
Comprehensive loss	-	(124 647)	-	-	-	(124 647)
Disposal of subsidiaries	-	-	-	-	(1 601)	(1 601)
Business combinations	-	-	-	-	7 565	7 565
Balance as at 31 March 2020	**145 170**	**(118 515)**	**-**	**(2 233 857)**	**7 314**	**(2 199 888)**
Loss for the period	-	-	-	(538 284)	(12 998)	(551 282)
Comprehensive income	-	39 034	-	-	-	39 034
Conversion of preference share	1 783 187	-	521 393	-	-	2 304 580
Issue of shares	180	-	-	-	-	180
Debt-to-equity conversion	235 810	-	-	-	-	235 810
Balance as at 31 March 2021	**2 164 347**	**(79 481)**	**521 393**	**(2 772 141)**	**(5 684)**	**(171 566)**

Summary Audited Consolidated Statement of Cash Flows

	Group	
	Audited For the 12-month period ended 31 March 2021	Audited For the 9-month period ended 31 March 2020
	R '000	R '000
Cash flow from operating activities		
Cash utilised by operations	(10 740)	(33 280)
Finance costs	(27 717)	(208 562)
Taxation refunded/(paid)	6 180	(13 708)
Net cash from operating activities	**(32 277)**	**(255 550)**
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(1 369)
Proceeds on the disposal of property plant and equipment	-	2 078
Loans and advances - disbursement	-	(128 330)
Loans and advances - repayments	18 253	22 593
Other financial assets - advances	-	(12 313)
Other financial assets - proceeds	10 898	10 380
Cash disposed through disposal of subsidiary	-	(4 337)
Cash acquired through business combination	-	555
Net cash from investing activities	**29 151**	**(110 743)**
Cash flow from financing activities		
Preference share issues - proceeds	-	304 386
Preference shares redeemed	-	(77 930)
Note issues - proceeds	-	91 483
Other financial liabilities - raised	3 301	103 931
Other financial liabilities - repaid	-	(73 638)
Lease payments	(1 760)	(2 120)
Net cash from financing activities	**1 541**	**346 112**
Total cash movement for the period	**(1 585)**	**(20 181)**
Effect of exchange rate movement on cash balances	(3 435)	(7 244)
Cash at the beginning of the period	9 430	36 855
Total cash at the end of the period	**4 410**	**9 430**

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021

1. ACCOUNTING POLICIES, BASIS OF PREPARATION OF RESULTS

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act (Act 71 of 2008), as amended, ("**Companies Act**") of South Africa applicable to summary financial statements. The summary audited consolidated financial statements are also in compliant to the JSE Listings Requirements, which requires that summary reports are to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, unless otherwise stated.

New accounting policy:

Hybrid preference shares

Holders of the hybrid preference shares carries a zero coupon with any dividend declarations being subject to discretion of the Board of Directors. The preference shares do not have the right to participate in any additional dividends declared to ordinary shareholders. These shares do not have voting rights at general meetings of the company.

The preference shares are perpetual, with redemptions solely at the discretion of the Board of Directors and as a result are classified as equity and disclosed as such in the statement of financial position.

Audit report

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by Nexia SAB&T, who expressed an unmodified audit opinion with a paragraph on the material uncertainty pertaining to the going concern, thereon.

Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the consolidated and separate financial statements, which indicates that the group incurred a total comprehensive loss of R512.25 million for the year ended 31 March 2021 and, as of that date, the group's current liabilities exceeded its current assets by R368 million, and its total liabilities exceed its total assets by R171 million. As stated in Note 35, these events or conditions, along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. We have considered the adequacy of the disclosures made in Note 35 to the consolidated and separate financial statements concerning the group's ability to continue as a going concern and we assessed the solvency and liquidity of existing assets on the statement of financial position. Our opinion is not modified in respect of this matter.

The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying financial statements. The results of the Group were prepared under the supervision of Mr TJ de Kock CA (SA).

2. FINANCIAL INSTRUMENTS – FAIR VALUES

For financial reporting purposes, all Afristrat fair value measurements are categorised into Level 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

Accounting classification and fair values

The following table sets out the Group's classification of each class of financial asset and financial liability, including their carrying values amounts.

	Carrying amounts		
31 March 2021	**FVTPL**	**At amortised cost**	**Total**
Group	**R '000**	**R '000**	**R '000**
Financial assets measured at fair value			
Other financial assets	24 349	-	24 349
Non-financial assets measured at fair value			
Investment in associate	185 659	-	185 659
Financial assets that are not measured at fair value			
Other financial assets	-	65 943	65 943
Loans and advances	-	199 520	199 520
Trade and other receivables	-	12 960	12 960
Cash and cash equivalents	-	4 463	4 463
	210 008	**282 886**	**492 894**
Financial liabilities that are not measured at fair value			
Cash and cash equivalents	-	(53)	(53)
Preference shares	-	(15 836)	(15 836)
Note programme	-	(169 762)	(169 762)
Other financial liabilities	-	(609 172)	(609 172)
Trade and other payables	-	(74 104)	(74 104)
	-	**(868 927)**	**(868 927)**

	Carrying amounts		
31 March 2020	**FVTPL**	**At amortised cost**	**Total**
Group	**R '000**	**R '000**	**R '000**
Financial assets measured at fair value			
Other financial assets	168 291	-	168 291
Non-financial assets measured at fair value			
Investment in associate	624 737	-	624 737
Financial assets that are not measured at fair value			
Other financial assets	-	75 333	75 333
Loans and advances	-	240 665	240 665
Trade and other receivables	-	27 972	27 972
Cash and cash equivalents	-	9 511	9 511
	793 028	**353 481**	**1 146 509**

2. FINANCIAL INSTRUMENTS – FAIR VALUES (Continued)

	Carrying amounts		
31 March 2020	**FVTPL**	**At amortised cost**	**Total**
Group	**R '000**	**R '000**	**R '000**
Financial liabilities that are not measured at fair value			
Cash and cash equivalents	-	(81)	(81)
Preference shares	-	(2 341 548)	(2 341 548)
Note programme	-	(161 099)	(161 099)
Other financial liabilities	-	(1 068 100)	(1 068 100)
Trade and other payables	-	(61 558)	(61 558)
	-	**(3 632 386)**	**(3 632 386)**

Fair value hierarchy

The following table contains the fair values of assets and liabilities, including their levels in the fair value hierarchy.

	Fair value		
31 March 2021	**Level 1**	**Level 3**	**Total**
Group	**R '000**	**R '000**	**R '000**
Fair value through Profit / Loss			
Investment in associate	-	185 659	185 659
Other financial assets	-	24 349	24 349
	-	**210 008**	**210 008**

	Fair value		
31 March 2020	**Level 1**	**Level 3**	**Total**
Group	**R '000**	**R '000**	**R '000**
Fair value through Profit / Loss			
Investment in associate	-	624 737	624 737
Other financial assets	-	168 291	168 291
	-	**793 028**	**793 028**

Fair value of other financial assets and liabilities

The fair value of all other financial assets and liabilities are considered to be equal to their carrying values. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

The Group's approach to determining the fair value for:

- Listed investments which are suitably liquid investments, the available market prices (calculated at spot on reporting date) is the basis for the measurement of the IFRS Portfolio Value for identical instruments.
- Listed investments with thin trading volumes and unlisted investments at the spot rate on the primary valuation methodologies applied are the income approach (IA) and discounted cash flow (DCF), compared against a market approach (MA), where appropriate.

Measurements of fair value – valuation techniques and significant unobservable inputs.

The following table reflects the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs.

2. FINANCIAL INSTRUMENTS – FAIR VALUES (Continued)

Type	Valuation technique	Significant unobservable inputs
Investment in associate - MyBucks	For the valuation of the MyBucks Group a weighted valuation based on the sum-of-the parts and the MA approach was used. The MA approach is based on the observable market price.	• Market price as at 31 March 2021 of EUR0.11; • The sum-of-the parts is based on the recoverable fair market value of the investments, less current debt exposure; and • 31 March 2021 the spot Euro rate to convert to reporting currency.
Investment in associate - Getbucks Zimbabwe	For the valuation of the GetBucks Zimbabwe an IA and MA approach was used. The IA approach made use of a DDM and the MA based on market value and a peer comparison.	• A discount rate of 27.44% was used in the DCF valuation; • A five-year forecast and in perpetuity calculation were used, with the forecast dividend pay-outs used as the basis for cash flows. • The five-year forecast cashflows with the forecast dividend pay-outs used as the basis cash flow; • Dividend pay-out ratio of 20% from 2022 onwards; • Applied a fundamental price to book value ("**PBV**") of 0.6x; • Market price as at 31 March 2021 of USD0.40 converted to local currency; • The PBV vs Return on earnings ("**ROE**") scatter plot for the banking sample used yields the following regression equation; PBV = {8.4723* ROE+ 0.0268}; and • The local currency was adjusted to USD applying future cash flow factor taking into consideration the effect of hyperinflation.
Investment in associate - Invest Solar Zimbabwe	For the valuation of Invest Solar Zimbabwe, an IA and MA approach was used. The IA approach made use of a DCF and the MA based on market value and a peer comparison.	• The market value and peer comparison approach estimate the value of the solar asset at different stages of the project life cycle per MW of production capacity. • A discount rate of 9.6% was used in the DCF valuation; • A five-year cash flow forecast and in perpetuity calculation was used in the valuation. • Dividend pay-out ratio of 20% from 2022 onwards;
Investment in associate– Ngwedi	The Group has decided to sell this associate, however the transaction was mutually cancelled. Refer to note 12 for details.	Further to the mutual agreement to cancel the transaction/agreement and the subsequent disposal of NIM, the fair value of the associate held by Afristrat in GNP Capital has been reduced to a value of R1.6 million.

2. FINANCIAL INSTRUMENTS – FAIR VALUES (Continued)

Measurements of fair value

	Group	
	At 31 March 2021	At 31 March 2020
	R '000	R '000
Assets as at fair value through profit & loss		
Assets as at fair value through profit & loss	210 008	793 027
Opening balance at the start of the period	**793 027**	**1 836 170**
Reclassification from other financial assets	-	450 000
Transfer from level 1 fair values	-	9 299
Purchases	-	136 647
Disposals	(146 802)	-
Foreign currency loss recognised in profit and loss	(47 783)	95 476
Fair value loss recognised in profit and loss	(388 433)	(1 734 565)
Balance at the end of the period	**210 008**	**793 027**

3. LOANS AND ADVANCES

	Group	
	At 31 March 2021	At 31 March 2020
	R '000	R '000
Business credit *The Business funding advances are secured, via a cession of the underlying equity and/or assets. The advances bear interest at fixed interest rates based on the entity risk profile, ranging between 0% - 28% and repayment terms are facility specific with loans in the portfolio with terms up to four years.*	507 459	549 576
Supply chain funding *Enterprise development and supply chain advances are of a short-term nature with an average transaction cycle of 30 to 45 days. The Afristrat Group secures the funding via the terms of the transactions and where appropriate additional covering security is obtained.*	21 758	21 758
TOTAL LOANS AND ADVANCES	**529 217**	**571 334**
Expected credit losses per stage of default	**(329 697)**	**(330 669)**
Stage 1: 30 days or less in default	(1 807)	(2 135)
Stage 2: 31 days to 360 days in default	(45 384)	(51 902)
Stage 3: more than 360 days in default	(282 506)	(276 631)
	199 520	**240 665**

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021 (Continued)

4. OTHER FINANCIAL ASSETS

	Group	
	At 31 March 2021	At 31 March 2020
	R '000	R '000
AT FAIR VALUE THROUGH PROFIT OR LOSS		
Capitis Equities *The Company invested in a section 12J company. Capitis Equities Proprietary Limited, by acquiring a 19% stake in the ordinary shares of the entity.* *The Group disinvested in Capitis during the year.*	-	146 802
Ngwedi Capital Holdings	24 349	21 489
Issue of an interest free loan as well as staggered dividend preference shares redeemable in ten years. The redemption amount is equal to the issue price of the preferences share. The amount was settled subsequent to year end.		
	24 349	**168 291**
Other financial assets carried at amortised cost		
Listed bond *Bond issued by FirstCred Limited (previously Getbucks Limited Botswana), listed on the Botswana stock exchange. The bond has a fixed coupon rate of 18% per annum and matures on 31 December 2021.*	65 943	75 333
	65 943	**75 333**
TOTAL OTHER FINANCIAL ASSETS	**90 292**	**243 624**
NON-CURRENT ASSETS		
At fair value through profit or loss	-	168 291
At amortised cost	-	75 258
	-	**243 549**
CURRENT ASSETS		
At fair value through profit or loss	24 349	-
At amortised cost	65 943	75
	90 292	**75**

5. INVESTMENT IN ASSOCIATES

Details of the Group's associate investments at 31 March 2021

	Principle activity	Place of incorporation	Proportion of ownership interest (%)		Proportion of voting power (%)	
			Mar-21	Mar-20	Mar-21	Mar-20
MyBucks S.A.	Financial services	Luxembourg	42,97%	42,97%	42,97%	42,97%
GetBucks Zimbabwe	Financial services	Zimbabwe	32,80%	32,80%	32,80%	32,80%
Ngwedi	Financial services	South Africa	34,30%	34,30%	34,30%	34,30%
Invest Solar Zimbabwe	Renewable Energy	Zimbabwe	40,70%	40,70%	40,70%	40,70%

31 March 2021	MyBucks S.A	GetBucks Zimbabwe	Ngwedi	Invest Solar Zimbabwe	Total
Private equity - At fair value	62 064	18 510	1 653	103 431	185 659
	62 064	**18 510**	**1 653**	**103 431**	**185 659**

31 March 2020	MyBucks S.A	MyBucks Zambia	GetBucks Zimbabwe	Ngwedi	Invest Solar Zimbabwe	Total
Equity accounted	-	23 403	-	-	-	23 403
Private equity - At fair value	432 763	-	30 610	31 009	130 355	624 737
	432 763	**23 403**	**30 610**	**31 009**	**130 355**	**648 139**

Reconciliation of movement

	Group	
	For the 12-month period ended 31 March 2021	For the 9-month period ended 31 March 2020
	R '000	R '000
Reconciliation of movement in Investments in associates		
Opening balance	648 139	1 533 896
Cost of investment in associates	-	136 647
Reclassification from other financial assets	-	450 000
Fair value adjustments passed	(397 332)	(1 552 281)
Impairment	-	(19 142)
Foreign exchange differences	(41 424)	95 476
Reclassification to held for sale	(23 724)	-
Equity accounted post acquisition earnings	-	3 543
	185 659	**648 139**

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021 (Continued)

5. INVESTMENT IN ASSOCIATES (Continued)

Assessment of significant influence versus control

Control for IFRS purposes is assessed in terms of IFRS10, which consider numerous factors when assessing "control". In the case of Afristrat, there are several factors which lead to the assessment of control and ultimately also involves significant judgement by management. Based on, *inter alia*, the lack of a contractual right to entrench voting control, as no voting pool arrangement exists between Afristrat and MHMK, Afristrat having a majority independent Board from MHMK and the subsequent reduction of MHMK shareholding in Afristrat to 15.67% and the lack of contractual ability to appoint the majority directors to the Board of MyBucks, control in terms of IFRS-10 is not established over MyBucks and accordingly MyBucks is not consolidated by the Group.

Valuation and measurement of investments in associates

The Group elects to report on its investments in associates at fair value for those designated as part of the private equity segment of the Afristrat Group, being classified as a venture capital segment in terms of IFRS and for all other investments as equity accounted. This designation is done at initial recognition.

Use of level 3 fair value hierarchy

Management deems the use of Level 3 appropriate for the fair valuation of MyBucks and GetBucks Zimbabwe due to the inactive market, with thin trading volumes of the number of shares in issue during the 12 month period, the unit of account being that of a private equity investment and MyBucks being delisted from a publicly traded platform, effective in May 2021. Accordingly, the valuation methodology applied consists of a weighted approach between the publicly traded share price and a Level 3 unobservable approach, more relevant to the fair value of each investment. The effect of using only the level 1 publicly listed share price as the valuation methodology its presented below:

	Effect on loss for the year 31 March 2021	Effect on loss for the year 31 March 2020
	R '000	R '000
MyBucks	616	(105 106)
Getbucks Zimbabwe	(12 260)	(3 608)
Total	(11 644)	(108 714)

Fair value loss

The Group reported a fair value loss of R397 million of which the investment in MyBucks accounts for R319 million. The fair value assessment at the reporting date is impacted by the restructuring initiatives in MyBucks Group which resulted in the valuation methodology applied being a sum-of-the parts valuation weighted with the market value of the shares.

6. DEFERRED TAX

	Group	
	At 31 March 2021	At 31 March 2020
	R '000	R '000
Fair value adjustments	77 370	158 039
Capital loss	-	7 471
Tax losses available	42 054	59 724
Capital growth accruals	2 365	18 706
Allowance for credit loss	31 530	15 738
Capital gain - 12J	-	(37 993)
Other deferred tax assets	866	1 042
Deferred transaction cost	(1 037)	(1 853)
	153 149	**220 875**

Recognition of deferred tax asset

The Group recognises the net tax benefit relating to deferred income tax assets arising from future deductible temporary differences and past income tax losses. The deferred income tax asset is recognised to the extent it is probable that taxable income will be available from forecast profits to realise the future tax saving. The expectation of future taxable profits is based on the expected improvement in the Group's operating results arising from the restructure initiatives implemented, the proposed post year end acquisition transaction of MHMK Financial Services and the continuation of the Group's restructure and recapitalisation project.

The deferred tax asset arising on Group tax losses and fair value adjustments have not been recognised in full as at 31 March 2021, the amount of unrecognized deferred tax assets amounts to is R443 million.

7. OTHER FINANCIAL LIABILITIES

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
HELD AT AMORTISED COST		
Scipion Active Trading Fund *USD-10 million term loan facility that bears interest at 10% plus 12-month LIBOR screen rate amortised and payable monthly. 50% of the capital is payable by May 2021 and the remaining 50% is payable in August 2021. This loan is secured over MyBucks SA shares to the value of 125% of the loan balance. In addition to the shares as security, a further requirement is that an amount of R20 million in financial assets of the Group is to be maintained. Due to the significant decline in the value of the MyBucks shares during 2021 the value of the security fell below the facility requirement and a security penalty levied until the security value is restored. Due to the restructuring initiatives, the Group entered into an interest holiday arrangement which has been extended to 31 May 2021, while restructuring negotiations are ongoing with the lender.*	161 752	180 846
Ever Prosperous Worldwide Limited - ISA *This is a two-year facility bearing interest at 12% per annum. The loan is to be fully repaid by December 2021, with monthly payments from 31 July 2020. The facility is secured by shares in Invest Solar (Private) Limited ("ISA"), a personal guarantee by Mr G Manyere as well as the equipment purchased using the facility by Harava Solar Park.*	133 100	144 077

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021 (Continued)

7. OTHER FINANCIAL LIABILITIES (Continued)

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
Ever Prosperous Worldwide Limited *USD14.8 million loan secured by a pledge of 381,506,336 shares in GetBucks Microfinance Bank Limited, bears interest at 10% per annum, payable monthly. Management have renegotiated terms for final settlement of the facility from the process of monetising certain longer-term assets.*	12 129	14 649
Ever Prosperous Worldwide Limited *ZAR26 million unsecured term loan facility at an interest rate of 12% per annum. The capital and accrued interest is payable on demand, with 60 days' notice from the lender. The lender has issued the notice with repayment due on 13 February 2020. At the reporting date management renegotiated the terms for final settlement of the facility from the process of monetising certain longer-term assets.*	14 242	12 392
Ever Prosperous Worldwide Limited *ZAR33,4 million unsecured term loan facility at an interest rate of 12% per annum. The loan capital is repayable monthly from April 2020 with the last payment on 30 November 2020. At the reporting date management renegotiated terms for final settlement of the facility from the process of monetising certain longer-term assets.*	30 589	26 129
Capitis Equities Proprietary Limited *The loan is unsecured, bears interest at 8% per annum and is repayable on demand. The loan was settled during the year, through the disinvestment in the Capitis vehicle.*	-	146 802
MHMK Group Limited (Mauritius) *The loan is secured by 1 953 874 shares of MyBucks S.A. Limited, is interest free and is repayable in monthly instalments until June 2022. The loan was settled on 10 September 2020 through a debt-to-equity conversion.*	-	256 270
Afristrat Eswatini Collective Investment Scheme *The loan is secured by a payment guarantee by Afristrat, repayable 12 months from date of advance and bears interest at 15% per annum.*	1 013	1 038
Norsad Finance (Botswana) Limited *USD5 million loan is secured by a pledge of 444,000 MyBucks shares that bears interest at the three-month LIBOR plus 11% per annum, payable quarterly. The loan is repayable on 11 July 2022. The Group has entered into negotiations with the lender to amend the terms and requested an interest holiday for a period of 12 months.*	76 469	91 733
Norsad Finance (Botswana) Limited - ISA *This is a seven-year facility issued, being charged at 9% plus six months Libor which is to be utilised in the construction of the Harava Solar Project in Zimbabwe. The loan is payable in March 2026 and interest is payable from October 2020. The facility is secured by shares in Invest Solar Africa as well as the equipment purchased for the Harava Solar Park using the facility.*	90 228	98 768
Chrome Valley Mine Development *The liability relates to the Company's obligation to pay USD1.5 million for the development of the Chrome mineral assets held by Chrome Valley Mine Development to secure the Group's 51% interest. The funding comprises the initial capital contribution of the Company and no fixed payment terms are determined.*	20 711	*23 719*

7. OTHER FINANCIAL LIABILITIES (Continued)

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
MHMK Eswatini Proprietary Limited *The is secured over financial assets of Ngwedi Capital Holdings Proprietary Limited, bears no interest and is repayable on demand. The loan was settled after year-end.*	32 847	32 847
Stodaflow Proprietary Limited *This ZAR30 million facility is unsecured, interest free and repayable six months after drawdown.*	72	2 000
Promissory notes - Colyn *Promissory note bearing interest at 8% per annum, interest is payable monthly, unsecured and the capital is repayable by 25 July 2024.*	15 574	17 117
Promissory notes - Beetge *Promissory note bearing interest at 12% per annum, interest payable monthly, unsecured and matures on 30 June 2020. The Group entered in negotiations to extend the repayment date and has settled ZAR3 million of the note after year-end.*	4 553	4 041
Promissory notes - Seiler *Promissory note bearing interest at 12% per annum, interest payable monthly, unsecured and matures on 2 December 2022.*	1 425	1 447
Other *Credit facilities in issue and are unsecured and bears no interest. The notes have repayment terms of 24 months commencing from the 1 December 2020.*	14 469	14 225
TOTAL OTHER FINANCIAL LIABILITIES	**609 172**	**1 068 100**

8. PREFERENCE SHARES

Conversion of preference shares

On 10 February 2020 the Board advised its ordinary and preference shareholders and noteholders that the Company's strategic focus has shifted from a Group which focused on both private equity investments and financial services to that of almost exclusively a private equity investment business and as a result would not be in a position to continue to the redeem of the preference shares, specifically those due in March 2020 and ongoing dividend payments to its various classes of preference shares. As a result, a circular was issued to convert the programme into a hybrid preference share or convert into ordinary shares. The EGM was held on 27 May 2020. The outcome of the EGM resulted in R1.8 billion preference share from Class A, B, C and E converting into ordinary shares and R521 million preference shares from Class D and G converting into a new hybrid preference share subsequent to year end.

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
Held at amortised cost		
Preference shares issued by Afristrat (South Africa):		
Preference share - class A *Initial issue price redeemable after five years. Monthly dividend paid at a rate of 10% per annum.*	-	73 025

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021 (Continued)

8. PREFERENCE SHARES (Continued)

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
Preference share - class B	-	774 163
Preference share redeems at 170% of the initial issue after five years. No monthly dividends are paid.		
Preference share - class C	-	717 218
Initial issue price redeemable after five years. Monthly dividend paid at a rate of prime plus 4% per annum.		
Preference share - class D	-	515 321
Initial issue price redeemable after five years. Monthly dividend paid at a rate of 12.5% per annum.		
Preference share - class E	-	239 111
Initial issue price redeemable after five years. Monthly dividend paid at a rate of 11.25% per annum.		
Preference share - class G	-	6 073
Initial issue price redeemable after five years. Monthly dividend paid at a rate of 10% per annum.		
	-	**2 324 911**
Preference shares issued by Afristrat (Botswana):		
Preference share - class A	11 714	12 195
Five-year income provider with a variable rate redeemable, convertible unit of P1 000 comprising P1 preference share and P999 claim. 15% rate at present paid monthly.		
Preference share - class B	4 122	4 443
Five-year capital growth provider with a zero-rate redeemable, convertible units of P1 000 comprising P1 preference share and P999 claim. Redeemed at end of five years at P2 000.		
Total preference shares	**15 836**	**2 341 548**
Non-current liabilities		
At amortised cost	-	-
Current liabilities		
At amortised cost	15 836	2 341 548

9. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
Total loss for the period (excluding other comprehensive income)	(551 282)	(2 019 963)
Loss/(profit) attributable to non-controlling interest	12 998	(508)
Basic loss	**(538 284)**	**(2 020 470)**
Number of shares in issue at start of period	1 079 555 364	1 079 555 364
Weighted average of shares issued during the period	45 450 690 029	-

9. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE (Continued)

	Group	
	At 31 March 2021 R '000	At 31 March 2020 R '000
Total weighted number of shares in issue at end of period	**46 530 245 355**	**1 079 555 364**
Earnings and diluted earnings per share		
Loss and diluted loss per share have been calculated using the following:		
Net loss for the period attributable to ordinary shareholders	(538 284)	(2 020 470)
Weighted average number of shares in issue for the period	46 530 245 355	1 079 550 364
Basic loss and fully diluted loss per share (cents)	(1.157)	(187.158)
Headline loss and diluted headline loss per share have been calculated as follows:		
Headline loss		
- Basic loss	(538 284)	(2 020 470)
- Loss of control on disposal of subsidiary	-	5 423
- Profit on disposal of property, plant and equipment	(589)	(9)
- Bargain purchase	-	(17 653)
- Reversal/(impairment) in terms of IAS 36	(1 272)	13 782
- Impairment of goodwill	-	5 551
Total headline loss attributable to shareholders	**(540 145)**	**(2 013 376)**
Weighted average number of shares in issue for the period	46 530 245 355	1 079 550 364
Headline earnings per share (cents)	(1.161)	(186.501)

10. RELATED PARTIES

The Group entered into related party transactions with associates and related entities to directors during the financial period. Below is a summary of the relevant balances in this regard:

	Group	
	31 March 2021	31 March 2020
	R'000	R'000
Related party balances		
Other financial liabilities		
- Associate companies	(5 565)	(6 924)
- Entities related to directors	(38 193)	(291 499)
- Entities related to associates	(24 341)	(28 638)
Exploration and evaluation assets		
- Associate companies	20 741	23 719
Other financial assets		
- Entities related to directors	65 943	-
- Associate companies	24 349	21 489
- Entities related to associates	-	75 333
Loans and advances		
- Entities related to directors	110 962	119 700
- Entities related to associates	84 453	103 675
Trade receivables /(payables)		
- Entities related to directors	-	(383)
- Associate companies	-	3 847

Notes to the Summary Audited Consolidated Financial Statements

for the twelve-months ended 31 March 2021 (Continued)

10. RELATED PARTIES (Continued)

	Group 31 March 2021 R'000	31 March 2020 R'000
Related party transactions		
Net lending income/(expenses)		
- Entities related to directors	28 673	(2 632)
- Associate companies	-	12 165
- Entities related to associates	21 002	44 073
Investment income/(loss)		
Dividends		
- Associate companies	-	177
Fair value gains/(losses)		
- Entities related to directors	-	(198 062)
- Associate companies	(390 631)	(1 501 602)
Other income		
Bargain purchase		
- Associate companies	-	17 653

11. CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss.

31 March 2021	Total Assets R '000	Revenue R '000	Operating loss R '000
Operating segment			
Business credit	370 082	-	(147 660)
Investment services	43 544	46 319	(249 026)
Equity holdings	288 493	7 822	(31 544)
Corporate	7 844	-	(2 564)
Elimination	(4 301)	(284)	(28 745)
	705 662	**53 856**	**(459 540)**

Geographic segment	Total Assets R '000	Revenue R '000	Operating (loss)/profit R '000
South Africa	265 857	4 819	(647 940)
Botswana	443 410	49 038	(33 274)
Mauritius	291	-	250 381
Zambia	406	284	38
Elimination	(4 301)	(284)	(28 745)
	705 662	**53 856**	**(459 539)**

11. CONDENSED CONSOLIDATED SEGMENTAL INFORMATION (Continued)

31 March 2020	Total Assets	Revenue	Operating profit (loss)
	R '000	R '000	R '000
Operating segment			
Business credit	648 088	156 317	(802 908)
Investment services	1 105 695	114 086	(44 760)
Equity holdings	936 536	46 027	(1 146 106)
Corporate	3 883	1 181	(243)
Elimination	(1 188 410)	(153 002)	71 515
	1 505 792	**164 609**	**(1 922 502)**

	Total Assets	Revenue	Operating profit (loss)
	R '000	R '000	R '000
Geographic segment			
South Africa	1 819 596	163 598	(1 157 654)
Botswana	525 316	45 202	(554 952)
Eswatini	314 673	78 102	84 588
Mauritius	34 235	29 812	(366 537)
Zambia	383	896	537
Elimination	(1 188 410)	(153 002)	71 515
	1 505 792	**164 609**	**(1 922 502)**

12. EVENTS AFTER THE REPORTING PERIOD

Related party acquisition of MHMK Financial Services Limited

Afristrat entered into a binding term sheet ("**Term Sheet**") to acquire 100% of MHMK Financial Services Limited ("**MHMK Financial Services**") from MHMK Group Botswana Limited ("**MHMK Group**") ("**Proposed Transaction" or "the Acquisition**"). The Term Sheet also envisaged the implementation of an employee share scheme.

- In accordance with of the Term Sheet, the Proposed Transaction will be settled by the issue of 82 816 606 485 new Afristrat ordinary shares.
- The Proposed Transaction is subject to the following conditions precedent:
  - i. the requisite approvals from shareholders and the regulatory authorities including the JSE Limited, the Takeover Regulation Panel, the Competition Commission and the Exchange Control authorities; and
  - ii. successful restructuring of Scipion Active Trading Fund ("**SATF**") and Norsad Finance Limited ("**Norsad**") debts, to the satisfaction of MHMK Group Limited and The George Manyere Children's Trust. The ability to implement the current restructuring negotiations of the facilities of SATF and Norsad is substantially linked to the successful conclusion on the Proposed Transaction, and accordingly is considered as a critical condition precedent to the Proposed Transaction.
  - iii. the requisite approval from shareholders to waive the requirement in terms of section 123 of the Companies Act for the GM Trust to make a mandatory offer to the remaining shareholders

MHMK Financial Services

MHMK Financial Services is an investment company with significant interests in microfinance and micro banking operations in Africa and insurance operations in the Kingdom of Eswatini. MHMK Financial Services acquired a number of former MyBucks S.A. and Afristrat operations during the restructuring process in order to assist both these companies with a smooth restructuring process as well as preserving a base to rebuild value in the long term for its stakeholders.

12. EVENTS AFTER THE REPORTING PERIOD (Continued)

Rationale

Afristrat commenced a substantial restructuring process in February 2020 to reduce operating costs to a sustainable level and restructure its debt exposure. The Group has to date, successfully restructured debt in excess of R2.3 billion, entered disposal transactions of certain non-core assets and restructured the Board with the aim of repositioning the Company such that it is poised for sustainable future growth.

However, Afristrat requires a substantial injection of capital, both cash or assets, to further re-align the balance sheet. The Proposed Transaction thus presents a new platform for refocusing of the Group's banking and microfinance divisions and will ensure that the combined balance sheet for the new entity will be sufficiently healthy to meet the current liabilities of the Company.

The Proposed Transaction is expected to benefit the Company by providing it with access to a quality portfolio of income generating and high growth potential companies and funding, as well as providing an opportunity for Afristrat to expand its local and regional footprint.

Related Party Relationship and Classification of the Proposed Transaction

Mr George Manyere, is the ultimate beneficial owner of the MHMK Group and he is also the current Chief Executive Officer of the Company. MHMK Group is also a material shareholder in the Company. In terms of section 10.1(b)(i) and (ii) of the JSE Listings Requirements, the Proposed Transaction is classified as a related party transaction. Accordingly, in compliance with the JSE Listings Requirements, the Board will retain an independent expert, to opine on the fairness of the Proposed Transaction to shareholders.

The Proposed Transaction is ultimately classified as a related party, Category 1 reverse takeover transaction in terms of the JSE Listings Requirements, and as such, a circular will be dispatched to shareholders in due course incorporating revised listings particulars, and the various resolutions requiring approval for a transaction of this nature.

The transaction is expected to be completed within the second quarter of the 2021/2022 financial year.

Employee share scheme

MHMK Group, as part of the Term Sheet of the acquisition of MHMK Financial Services as referenced above has requested the Group to implement an employee share scheme in order to retain the current core team to drive the implementation of the rebuilding phase over the medium to long term. Further details of the proposed employee share scheme will be provided in the circular.

Changes to the Board

Contingent on the successful completion of the acquisition of MHMK Financial Services as referenced above:

- Mr George Manyere, who stepped in as Chief Executive Officer ("**CEO**") in April 2020, to steer the Group through the restructuring process and develop a strategy for future growth, will resign as CEO upon successful completion of the Acquisition and retain a position as a Non-Executive Director. Mr Manyere, as the major shareholder at the time, assumed an Executive role to guide the Group through a successful restructuring. Following completion of the Proposed Transaction, Mr Manyere will have concluded his role to turnaround the Group and will return to a non-Executive function.
- Mr Tertius de Kock, the current Financial Director, who has been instrumental in the implementation of the turnaround strategy together with the current CEO, will assume the role of CEO, upon successful execution of the Proposed Transaction to implement and drive the strategy for future growth. The Company has commenced the process to find a replacement Financial Director prior to the changes taking effect.
- In terms of good corporate governance, having served in excess of the recommended nine-year period as an independent non-executive director, Mr Keith Rayner, Afristrat's Chairman since May 2020, will retire from the Board.
- Mr Roger Pitt, an existing independent non-executive director, will take over as Chairman of the Board.

Once these changes become effective the Board will consider the composition of the Board and sub committees.

12. EVENTS AFTER THE REPORTING PERIOD (Continued)

Mutual cancellation of the disposal transaction of MHMK Capital

Ecsponent South Africa Proprietary Limited ("**Ecs SA**"), a wholly owned subsidiary of the Company, disposed of its 70% interest in MHMK Capital to a BEE consortium led by the black founding members of Ngwedi Capital Holdings Proprietary Limited ("**NCH**") represented by Softcore Trading Proprietary Limited ("S**oftcore**") (the "**Disposal**"). The total cash consideration of R18 million ("**Purchase Consideration**") together with all risks and benefits of ownership, for the Disposal by Ecs SA of its shares and claims in MHMK Capital took effect from 24 June 2020.

In terms of the agreement giving effect to the disposal ("**Disposal Agreement**"), the settlement date of the Purchase Consideration was set at 31 December 2020, after which the Purchase Consideration will carry interest at prime +2% until such time of payment ("**Loan**"). The payment of the Purchase Consideration did not occur on 31 December 2020.

Despite various engagements between Afristrat and Softcore ("**the Parties**") and best efforts by the latter to commercial execute the Disposal, the Parties have agreed to mutually cancel the Disposal on 14 April 2021, due to the inability by Softcore to effect the payment of the Purchase Consideration. Therefore, the parties have mutually agreed to reverse the Disposal transaction and return to the original position whereby Afristrat will retain its 70% shareholding in MHMK Capital.

NCH, an associate of MHMK Capital has further entered into an agreement with a large BEE Asset Manager to acquire the shares in Ngwedi Investment Managers Proprietary Limited ("**NIM**"), a subsidiary of NCH ("**NIM Disposal**"). The NIM Disposal will result in the settlement of debts due within NCH and repayment of all Capital Contributions to MHMK Capital. The net remaining equity value in NCH after the disposal will result in no distributable equity value remaining in NCH and effectively in MHMK Capital. Further to the mutual agreement to cancel the transaction/agreement and the subsequent disposal of NIM, the fair value of the associate held by Afristrat in MHMK Capital has been reduced to a value of R1.6 million.

13. GOING CONCERN

The financial results have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

In performing the going concern assessment, the Board considered historical data relating to working capital resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions, the current global economic situation due to the Covid-19 pandemic and the responses to such events and conditions that would be available to the Board.

The Board has, inter alia, considered the following specific factors in determining whether the Group is a going concern:

- The improvement in the total comprehensive loss for the twelve-month financial period of R512 million compared to R2 billion in 2020;
- Assessment of the solvency and liquidity position in terms of the Companies Act;
- Whether the Group has sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months;
- Whether there is any significant pending litigation that will threaten the going concern status of the Group;
- Whether the Group has available cash resources to deploy in developing and growing existing operations or invest in new opportunities; and
- Significant value accretive transactions taken after the reporting date.

The Board believes that the current economic outlook presents some challenges in the near term, predominantly evidenced by the fair value reduction in the Group's investments and the current macro-economic conditions. These conditions, together with those mentioned above are considered to indicate that a material uncertainty exists which may cast significant doubt on the Groups ability to continue as a going concern. This is largely attributable to its short-term liquidity position of the Group.

13. GOING CONCERN (Continued)

Solvency

The directors have evaluated the Group's solvency and liquidity position in terms of the Companies Act, and have concluded that the Group's total assets fairly valued exceeded its total liabilities fairly valued byR10 million as at 31 March 2021, following from the inherent value of the Groups interest in the Chrome Valley Mining project, and therefore remains in a solvent position. In addition, the expected pro-forma improvement post year end, through the proposed acquisition of MHMK Financial Services as set out in the subsequent events note, is expected to provide further improvements in the solvency and liquidity position of the Group. The Board's medium-term outlook for its investments remains positive with the expectation that the fair value will improve over the next three to five years and that some or all these investments may ultimately realise value for all stakeholders.

The Group has been cutting operational expenses with a specific focus on reducing head office costs and monthly operating overheads within significant improvements on the liquidity requirements having started to realise. The Board has further implemented a process of monetising certain longer-term assets to support liquidity while implementing capital raise initiatives aimed at funding future growth of the current and new investments.

Liquidity

The directors have evaluated the Groups liquidity requirements to confirm whether the Group has adequate cash resources to continue as a going concern for the foreseeable future, taking into account the net current liability position, and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the Group would be able to continue its operations as a going concern. In response to the net current liability position, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with their implementation regularly monitored. Therefore, the ability of the group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the group faces on a ongoing basis;

- Continuation of the successful decrease in operational expenses with specific focus on reducing head office costs and monthly operating overheads which is expected to reduce operational cost in excess of 70%;
- Successful conclusion of short-term funding from MHMK Capital which provided liquidity of R18 million in order to reduce debt and support working capital requirements post year end;
- Successful implementation of various collection strategies relating to the recovery of long outstanding loans and advances owed to the Group relating to various business credit and supply chain funding arrangements;
- Monetising of the listed bond issued by GetBucks Botswana in the amount of approximately R65 million in order to support liquidity and working capital requirements, while exploring various capital raise initiatives aimed at funding future growth of the current and new investments;
- The renegotiations of the interest and capital repayment terms of the USD10 million facility with SATF and the USD5 million facility with Norsad, which the Group has already commenced and is expected to be completed by July 2021.
- Successful conclusion of the MHMK Financial Services acquisition post year end, in order to provide the Group with a basket of income generating assets in the foreseeable future.

As such, the Board continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

14. Legal matters

Letters of demand relating to preference share conversion

The Group is currently defending four claims which were instituted at the High Court as a result of the conversion of preference shares to ordinary shares at the EGM of 27 May 2020. The Group is actively defending these matters as it believes the merits for the claims is in contradiction with the original terms of the preference share programme and therefore any possible claim is considered as remote. As the claim is considered as remote, no contingency disclosures for these claims have been disclosed.

Labour court matter

The Group is currently defending a labour court matter which has been lodged by the previous CEO in relation to the mutual separation agreement signed with the Company. The Company has recorded the full settlement value amounting to R9.5 million as part of its trade payables. However, subject to the forensic investigations, the Group has ceased to repay the amounts per the separation agreement and accordingly the previous CEO has lodged an appeal at the labour court for this settlement amount to be repaid. The Company is defending the matter and has applied for cancellation of the separation agreement.

Forensic investigation

Afristrat instituted two forensic investigations during the year:

- The use and distributions of funds received from its USD10 million SATF. ("**SATF Investigation**").
- The investment of ZAR100 million into a preference share structure of VSS Financial Services Proprietary Limited ("**VSS**"), a wholly owned subsidiary of MyBucks S.A. ("**VSS Preference Share Investigation**").

After receipt of the forensic investigation report on the VSS Preference Share Investigation, the Board of Afristrat requested that the board of MyBucks to institute a further forensic investigation to be conducted by MyBucks S.A. into the operations of VSS. ("**VSS Investigation**").

The two forensic investigations initiated by Afristrat, has been handed over to the Group's legal representatives who are currently assessing any actions necessary to take on the findings raised and any possible claims which can be pursued.

14. Legal matters (Continued)

SATF Investigation

The Company instituted a forensic investigation into the use and distributions of funds received from its USD10 million SATF facility. Based on recommendations from the forensic investigators and legal representation obtained from the Company's external legal counsel, the Board has instructed its attorneys to institute legal action against certain parties potentially liable to the Company as referenced in the forensic report. Having regard to the above forensic investigation, the ability of the Company to service the ongoing monthly interest and repay the USD10 million principal amount on the SATF facility, 50% which is due in May 2021 and the remaining 50% in September 2021 has been impacted. Accordingly, the Board has formally written to SATF to renegotiate the terms of the SATF facility. Although SATF is entitled to call up the entire debt owed, they have not accelerated debt payments and have held off on taking action in order to facilitate a commercial solution. Negotiations on the facility payable to SATF is ongoing and expected to be completed by July 2021. The forensic investigation report has been handed over to the Group's legal representatives who are currently assessing the actions necessary to take on the findings raised and whether any possible claims can be instituted.

VSS Preference Share Investigation

Afristrat announced the outcome of the forensic investigation on SENS 8 September 2020 regarding the Company's R100 million investment in the form of redeemable preference shares in VSS and stated that certain parties should answer for the clear lack of corporate governance, financial mismanagement and failure to act in the best interests of the company and its stakeholders regarding this investment. The forensic investigation report has been handed over to the Company's legal representatives who are currently assessing the actions necessary to take on the findings raised and whether any possible claims can be instituted.

VSS Investigation

Following the outcome of Afristrat's own forensic investigation into its investment in the preference share of VSS, the Board of Afristrat requested MyBucks to further investigate the activities of VSS, a wholly owned subsidiary of MyBucks, registered in South Africa. With reference to the announcement released on SENS on 12 February 2021,announced the outcome of the forensic investigation and stated that it believes that certain former directors and executives and certain service providers should answer for the clear lack of corporate governance, financial mismanagement, accounting irregularities and failure to act in the best interests of the company and its stakeholders. MyBucks and its major shareholder, Afristrat, have agreed to collaborate in the process. The forensic report completed by MyBucks, has been handed over to the liquidator of VSS as VSS has been placed in summary liquidation. The liquidators is in the process of setting up an inquiry, which is expected to be overseen by a retired judge. The Board will ensure that any actions and recommendations and possible claims from this will be appropriately implemented. The Board has therefore taken all actions within its realm to address the findings of these reports and will continue to pursue these matters to its fullest extent.

15. DIVIDENDS

No ordinary dividends have been declared or proposed for the year.

16. DIRECTORS CHANGES

The following changes to the Board occurred

C Lyons	Appointed	1 April 2020
C Beetge	Appointed	5 June 2020
Y Maitin	Appointed	1 September 2020
C Lyons	Resigned	5 June 2020
P Matute	Resigned	5 June 2020

17. COMPANY SECRETARY

Lezanne du Preez-Cilliers resigned as the Company Secretary of the Group on 28 August 2020.

Acorim Proprietary Limited ("**Acorim**"), represented by Nikita Hunter was appointed on 1 September 2020.

18. SPONSOR

Questco Proprietary Limited ("**Questco**") resigned as the Company's debt and equity sponsor on 25 February 2021. Merchantec Proprietary Limited ("**Merchantec Capital**") was appointed as the new debt and equity sponsor on 15 March 2021.

For and on behalf of the Board

G Manyere
Pretoria

30 June 2021

Directors: KA Rayner* (Chairman), RMH Pitt*, G Nyengedza*, C Beetge#, Y Maitin*, G Manyere (Chief Executive Officer) and TJ de Kock (Chief Financial Officer)

(* Independent Non-Executives)
(# Non-Executive)

Company Secretary: Acorim (Pty) Ltd

Transfer Secretaries: Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61763, Marshalltown, 2107)

Auditors: Nexia SAB&T

Sponsor: Merchantec Capital

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