

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

("Afristrat" or "the Company" or "the Group")



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 OF AFRISTRAT AND ITS SUBSIDIARIES

The Board of directors of Afristrat ("**the Board**") presents the unaudited condensed consolidated interim financial statements of the Group for the six-month period ending 30 September 2020. The six-month period reflects the positive effect of the debt reduction and restructuring process, corporate restructuring and cost reductions implemented by the Company.

Afristrat's Board implemented the following interventions during the six-month period and up to the date of this report, in order to improve the solvency and liquidity of the Group:

- The restructure of the R5 billion JSE Limited ("**JSE**") listed preference share programme in the Extraordinary General Meeting on 27 May 2020 in order to achieve a solvent 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.
- Entering into negotiations with debt holders to restructure debt facilities.
- Exit of non-core investments through:
 - The disposal of MHMK Capital (Pty) Ltd for a purchase consideration of R18 million;
 - Exit of Capitis vehicle; and
 - Disposal of MyBucks Zambia for a consideration of USD1.5million, subject to in-country Reserve Bank approvals, in order to settle current debts.
- 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 of Afristrat and redeployment of directors to the Board of its largest investment, MyBucks S.A.
- Successful issue of 8 808 624 705 Afristrat ordinary shares to settle debt of R215.8 million.

FINANCIAL SUMMARY

The Groups' financial metrics compared to the prior six months reflect the effect of the initiatives implemented to stabilise the business and are set out below:

- Total assets decreased by 41% to R889 million compared to R1.5 billion;
- Total liabilities decreased by 77% to R867 million compared to R3.7 billion;
- Revenue decreased by 99.19% to R368 thousand compared to R45 million;
- Operating losses decreased by 85.53% to R287 million compared to R1.981 billion;
- Loss per share ("**LPS**") decreased by 99.39% to a LPS of 1.003 cents per share compared to 165.443 cents per share;
- Headline loss per share ("**HLPS**") decreased by 99.40% to a HLPS of 0.988 cents per share compared to 165.704* cents per share;
- Credit impairments decreased by 96.63% to R9.9 million compared to R294 million; and
- Fair value losses decreased by 82.79% to a loss of R297 million compared to a loss of R1.7 billion.

**Shareholders should note the comparative number differs from the Trading Statement which reflected 165.443 due to an erroneous inclusion of the incorrect comparative figure in the Trading Statement.*

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 six months, 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 detailed and fundamental assessment of the prospects related to the MyBucks S.A. 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, considered as essential.

The Board of Afristrat 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.

No ordinary dividends have been declared in the current or previous periods and no ordinary dividend is proposed.

This short form announcement is the responsibility of the directors and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based as a whole on consideration of the unreviewed condensed consolidated interim financial results of the Group for the six months ended 30 September 2020 which are available:

1. for download via:
 - <https://senspdf.jse.co.za/documents/2020/jse/isse/atie/sept2020.pdf>
 - the Group's website at <https://afristrat.ltd/investor-relations/> or
2. may be requested from the Company by contacting Investor Relations at Investor.relations@afristrat.ltd

For more information about this announcement or the Afristrat group, email investor.relations@afristrat.ltd or visit www.afristrat.ltd/investor-relations/.

23 December 2020

Pretoria

Sponsor to Afristrat



Questco Corporate Advisory (Pty) Ltd