# Consolidated combined financial statements for the year ended 30 June 2017

MyBucks

# Table of contents.

The reports and statements set out below comprise the consolidated combined financial statements presented to the shareholders:

# Directors’ responsibility and approval.

# Directors' responsibility and approval

The directors are required in terms of the Luxembourg Act of 10 August 1915 on commercial companies to maintain adequate accounting records and are responsible for the content and integrity of the consolidated combined financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated combined financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The consolidated combined financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judge ments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group's is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the Group's endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated combined financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the Group's cash flow forecast for the year to 30 June 2018 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future. The consolidated combined financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 9.

The consolidated combined financial statements set out on pages 18 to 23, which have been prepared on the going concern basis, were approved by the directors on 31 January 2018 and were signed on their behalf by:

**Approval of the consolidated combined financial statements**

**David van Niekerk**
**31 January 2018**

**Timothy Nuy**

# Audit Report
## To the shareholders of MyBucks S.A.

### Report on the audit of the consolidated combined financial statements

#### Our Opinion

In our opinion, the accompanying consolidated combined financial statements give a true and fair view of the consolidated combined financial position of MyBucks S.A. (the "Company") and its subsidiaries (the "Group") as at 30 June 2017, and of its consolidated combined financial performance and its consolidated combined cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

**What we have audited**

The Group's consolidated combined financial statements comprise:

» the consolidated combined statement of financial position as at 30 June 2017;

» the consolidated combined statement of profit or loss and other comprehensive income for the year then ended;

» the consolidated combined statement of changes in equity for the year then ended;

» the consolidated combined statement of cash flows for the year then ended; and

» the notes to the consolidated combined financial statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated combined financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated combined financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the consolidated combined financial statements and our audit report thereon.

Our opinion on the consolidated combined financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated combined financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and those charged with governance for the consolidated combined financial statement

The Board of Directors is responsible for the preparation and fair presentation of the consolidated combined financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated combined financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated combined financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated combined financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

» identify and assess the risks of material misstatement of the consolidated combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
» obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
» evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
» conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the

related disclosures in the consolidated combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated combined financial statements, including the disclosures, and whether the consolidated combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation; obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated combined financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

The Directors' report is consistent with the consolidated combined financial statements and has been prepared in accordance with applicable legal requirements.

**PricewaterhouseCoopers, Société coopérative**
**Represented by Malik Lekehal**

**31 January 2018**
**Luxembourg**

# Directors' report.

# Director's report

The directors present their annual report together with the audited consolidated combined financial statements for the year ended 30 June 2017.

## Nature of the business

MyBucks is a Frankfurt listed financial technology (FinTech) company, embracing technology as a means to provide financial products and services in predominantly high-growth emerging markets. Our business model and digital strategy is about engaging customers with great experiences, radically improving operations for our employees, leveraging technology to deliver, and enabling attractive cost-to-income ratios.

Through our brands – GetBucks, GetBanked and GetSure – we offer consumer loans and banking solutions, including insurance products. Our solutions are created with the aim of driving financial inclusion for both the unbanked and under-banked, as well as the financially vulnerable population globally.

We adhere to a robust approach towards risk modelling and an innovative approach towards credit scoring through utilising our custom developed system that allows for a highly effective and accurate mitigation of risk by understanding, managing and accurately assessing each customer's credit profile based on individual affordability.

The MyBucks product offering enables our customers to manage their financial affairs easily and conveniently. We continuously aim to ensure that our products are accessible, simple and trustworthy in comparison to traditional, non-technological methods – ultimately, working towards enhancing benefits to the customer.

Since our inception in 2011, MyBucks has experienced exponential growth. Today, we have operations in 12 African, one European country, as well as Australia.

## Strategic overview

During the financial year, we continued to focus strongly on our growth strategy. This strategy consists of the four pillars, namely organic growth, expanding our digital banking offering, increased product diversification and geographical expansion.

Organic growth was achieved through leveraging the increasing smartphone penetration, which in turn resulted in a significant number of additional accounts and mobile money penetration across all the markets we serve. This growth was supported by a drive to reduce our cost of funding and source local funding lines in an effort to minimise foreign exchange risk, which in turn stimulates local economic development. The growth was also achieved through scaling up operations where required and continuously enhancing operational efficiencies.

By making use of a digitalised banking model we are using technology to reach customers with an enhanced product offering as we continue delivering on our vision to drive financial inclusion within the unbanked and under-banked markets. By growing our digital banking reach, we are able to meet the demand from our customers for faster, convenient, reliable and cost effective financial products. During the financial year, we have acquired two deposit-taking licensed entities, Opportunity Bank Uganda and Opportunity Bank Mozambique. The new Finance Bank acquisition was approved subsequent to year end, this entity is a deposit taking bank based in Malawi. The transaction should be concluded before June 2018. A key objective for the next financial year, is to increase local customer deposits while maximising our net interest margin.

## Review of operations

Our state of the art technology is what differentiates us, and our employees are the key pillars of organisational excellence enabling us to achieve the business results we need to succeed in the marketplace. We aim to build and sustain a workforce that is engaged and delivers financial services to our customer base consistently and reliably. Achieving the high standard of service delivery that we set ourselves, requires all divisions within the Group to work together. To formulate an engaging employee experience and employer branding strategy, we continuously work with employees to understand and identify what is required to excel.

We are committed to assisting employees to achieve their professional and personal objectives and we encourage our employees to broaden their skill set and gain work experience in other organisational roles. In addition, we provide company-subsidised training opportunities to help employees develop or refine their skills, thereby increasing productivity and innovation in the workplace.

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

## Financial performance

The financial year ending 30 June 2017 was impacted by the first-time consolidation of the four Opportunity entities as well as the Fair Go Finance acquisition. As a result, operating costs were significantly higher due to once-off expenses and significant expansion of the tech activities.

Resulting from the newly acquired entities, the Group incurred significant costs for the turnaround and rightsizing of these businesses. Furthermore, significant investments were made in strengthening the tech team in light of the banking strategy. Further to this, the Group's cost of debt continued to be at 16%, with new funding lines only coming in towards of the end of the financial year.

As a by-product of the funding structure being mainly denominated in US Dollar and Euro, and the depreciation in many currencies has negatively affected the operating result, with a loss from foreign exchange of €1.1 million being recognised.

As a result of finance costs of €21.3 million The Group incurred a loss from continuing operations before taxes of €7.7 million. At the same time, this financial year saw the group scaling up its operations significantly increasing its revenue by 48% from prior year to €53.8 million on the back of a loan book of €68.5 million. Impairments ended at €12.0 million for the financial year. The Group currently follows an IAS39 incurred-loss model.

On 30 January 2017, the Group made a strategic decision to discontinue its lending operations in Spain and focus its European efforts on Poland only. Further efforts to recover income from outstanding customers were abandoned. The offices have been closed and the business unit no longer employs any staff. The discontinued operations resulted in a loss of €1.9 million, which reflects the financial impact of the operations on the group.

## Key risks

Executive management considers the following key risks to MyBucks' objectives in the execution of the strategy:

- External (cyber and other sources) or, unauthorised internal data manipulation, or access to confidential information;
- Adverse foreign exchange exposure;
- Inability to execute set appropriate strategies;

- Inadequate and ineffective management of costs that may impact the ability to achieve financial targets;
- Changing economic factors and their impact on credit risk;
- Not realising sustainable funding lines in line with capital requirements;
- Inability to honour obligations due to a lack of liquidity;
- Ineffective collections processes;
- Non-adherence to covenants requirements; and
- Non-compliance to legislative and regulatory requirements.

These risks, assessed on a quarterly basis by management, drive the internal audit plan and are reviewed by the Audit Committee.

## Share capital

At 30 June 2017, the authorised share capital is 15 998 000. During the year under review, 667 612 new shares were issued, bringing the number of shares in issue to 11 665 612. The par value of the shares is €1 per share. All shares have equal voting rights. No ordinary shares were repurchased during the year.

## Board of Directors

### Corporate governance statement

The MyBucks Group Board of Directors is committed to high standards of corporate governance and strongly believes that good corporate governance enhances the sustainable growth of performance of the Group, and is central to achieving the Group's primary objective of maximising shareholder value. The corporate governance practices at MyBucks provide the structure, which enables this objective to be achieved, whilst ensuring that the business and affairs of the Group are conducted competitively under high ethical standards and in accordance with the law.

The directors of the Group in office at the date of this report are as follows:

| Non-Executive | Executive |
|---|---|
| Gerd Alexander Schütz (Chair) | Dave van Niekerk |
| Johan Jonck | Timothy Nuy |
| Trevor Joslin | |
| George Manyere | |
| Simon Village | |
| Dennis Wallestad | |
| Christopher Hall* | |

*Christopher Hall was appointed as a Director on 17 July 2017.

## Post-balance sheet events

### Acquisition of New Finance Bank Limited

On 24 July 2017, MyBucks S.A. announced the acquisition of 50% of New Finance Bank Limited (NFB) in Malawi, subsequent to receiving a regulatory approval from the Reserve Bank of Malawi. MyBucks agreed to acquire 2 722 222 shares in the issued share capital of NFB ("Sale Shares") from existing shareholders for a consideration of US Dollar 5 million, as well as to participate pro rata to its shareholding in a rights offer for the Bank to the amount of US Dollar 3.5 million. Total consideration based on 24 July 2017 exchange rate equates €4.3 million to be paid over a three-year term with an interest rate of three per cent per annum.

As part of the transaction, it was intended that NFB should have acquired the entire issued share capital of GetBucks Malawi in a linked acquisition. NFB did not receive a regulatory approval from the Reserve Bank of Malawi to acquire GetBucks Malawi. The Group is currently negotiating new terms to conclude the transaction. The transaction is expected to be completed in the second half of the 2018 financial year. The acquisition would allow MyBucks to launch its virtual banking offering in one of Africa's most vibrant markets.

#### GetBucks Malawi

MyBucks decided to refinance the business and further restructure the company balance sheet by selling the company's net loan book as of 31st August 2017 to New Finance Bank Limited. The outstanding loan book as of 31st August 2017 was MWK3.8 billion (€4.8 million) which was sold at a consideration of MWK4.4 billion (€5.3 million).

#### Opportunity Bank Mozambique

Opportunity Bank Mozambique announced a corporate bond that will be listed on the Mozambique stock exchange (BVM) during February 2018, pending relevant regulatory approval. The first tranche of the bond amounts to €1.29 million (MZN87 million) with the second tranche expected to amount to €2.23 million (MZN150 million). The proceeds of the bond will be used to fund new product lines in Mozambique. The quarterly interest rate is based on the monetary policy interest rate (MIMO rate) plus 5%. The bond has a tenor of two years with one bullet payment.

Two separate funding agreements were entered into by Opportunity Bank of Mozambique. The first one is for US Dollar 5 million (Euro 4.5 million) through Norsad Finance Limited and Euro 1.5 million through KfW Development Bank. These funding will be used to fund SMME facility loans. No draw downs have been made against these agreements as at 31 January 2018.

#### Cumulative perpetual preference shares issued

VSS Financial Services (Pty) Ltd, in South Africa, and Ecsponent Limited have entered into an agreement whereby Ecsponent will prescribe in cumulative perpetual preference shares ("Preference Share") to the value of €6.9 million (ZAR 100 million). The first tranche of 560,000 preference shares were issued on 3 January 2018 totalling €2.3 million (ZAR 33.6 million).

## Risk management

The Board is responsible for approving and reviewing MyBucks' risk management strategy and policy.

#### Financial Risk Management Objectives and Policies

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing these risks has significantly increased in light of the considerable change and volatility in markets where we operate. The Board approved policies for managing each of these risks are summarised below. These risks, assessed on a quarterly basis by management, drive the internal audit plan and are reviewed by the Audit Committee.

#### Risk management

The purpose of risk management is to secure positive development of earnings of the Group and the continuation of the business by implementing risk management cost-effectively and systematically throughout the Group. Risk management is part of the Group's strategic and operative planning and internal control system. Business objectives, risks and risk management operations are combined through risk management as one chain of events.

#### Main principles of organising risk management

The Group adheres to the risk management policy approved by the Board. The policy governs how we set targets and identify risks, as well as the measurement, review, handling, reporting, follow-up, monitoring and reacting to risks. The aim of risk management of the Group is to:

» Systematically and comprehensively

identify and assess all key risks, which threaten the achievement of our objectives, including risks related to business operations, agreements, financing and strategy;
- Optimise business opportunities and secure continuation of business;
- Recognise and identify uncertainties and subsequently develop the prediction of risks and measures needed to manage risks;
- Take only calculated and assessed risks with respect to e.g. expanding the business, increasing market share and creating new businesses;
- Avoid or minimise liability risks;
- Inform interest groups of risks and risk management; and
- Be cost-effective in risk management.

**Main principles of the risk management process**

In connection with the strategy process and annual planning, the Steering Committee reviews business risks which could endanger the achievement of strategic or profit targets. Risk assessment reports are produced to support the strategy process. Strategic and operative risks are monitored through quarterly reporting to the Board. The Group prepares risk assessments and provides action plans to manage risks as well as to report on measures taken including the stage and effectiveness of such measures.

**General description of internal control and operational procedures**

Internal control is a process applied by the Board of Directors, management and all levels of personnel in the Group to ensure that management has reasonable assurance that:

- Operations are effective, efficient and aligned with strategy;
- Management reports information which is reliable and complete;
- The group is in compliance with applicable laws and regulations, if a matter of non-compliance is identified that remedial action is done to rectify the instance;

**Internal control framework of the Group**

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the Group´s objectives. Control activities are set throughout the organisation, and include approvals, authorisations, verifications, reviews of operating performance, security of assets and segregation of duties. MyBucks' internal control framework consists of:

- Management oversight of the implementation of the policies and principles;
- Procedures ensuring the compliance with applicable laws, regulations, internal policies and ethical values;
- Effective control environment at all organisational levels; and
- Regular internal audit reviews to assess the effectiveness of the internal controls.

## Internal controls over financial reporting

**Financial reporting organisation**

The financial management of the Group is responsible for the accounting and daily financial operations of the Group as well as the internal and external reporting that supports the organisation and its stakeholders.

The tasks of the Group´s financial management and administration consist of, inter alia, monthly consolidation of Group entities, preparation of half-year financial reports and consolidated financial statements, management of liabilities, protection against exchange risk, and transfer pricing. The finance function of the Group implements operative supervision under the Chief Financial Officer who reports any supervisory findings to the Audit and Risk Committee. The tasks and responsibilities of the accounting function of the parent company and each subsidiary are included in the job descriptions of the teams and employees.

**Financial reporting systems**

Consolidated financial statements are prepared by consolidating the accounting information as reported by the various entities in the group. The accounting of the Group's subsidiaries is done by using local accounting systems. Annual budgets and forecasts are prepared at Group level.

**Internal controls**

The Group's internal control mechanisms are based on policies, limited process descriptions, authorisation matrix, financial reporting review meetings, and segregation of key accounting duties.

**Roles and responsibilities regarding risk management and internal control**

The key roles and responsibilities regarding the Group's internal control and risk management are defined as follows:

**Board of directors**

The Board of Directors is ultimately responsible for the administration and the proper organisation of the operations of the Group. According to good corporate governance, the Board also ensures that the Group has duly endorsed the corporate values applied to its operations. The Board approves the internal control, risk management and corporate governance policies. The Board establishes the risk appetite and risk bearing capacity of the Group and re-evaluates it on a regular basis as part of the strategy and goal setting of the Group. The Board reports to the shareholders of the Group.

**Audit and risk committee**

The Audit and Risk Committee reports to the Board of Directors. The Audit and Risk Committee is responsible for the following internal control related duties:

» To monitor the reporting process of financial statements;
» To supervise the financial reporting process;
» To monitor the efficiency of the Group's internal control, internal audit and risk management systems;
» To review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process; and
» To monitor the statutory audit of the financial statements and consolidated financial statements.

**Steering committee**

The members of the Steering Committee are responsible for internal control implementation in their designated responsibility areas. More specific internal control policies and procedures are established within the principles set by the Board. Additionally, the members of the Steering Committee are responsible for implementing risk management practices in the planning cycle and daily operations, and ensuring the adherence of laws and regulations in their designated areas of responsibility.

**Assurance**

There are different levels of assurance in relation to the effectiveness and efficiency of our Risk Management Framework and associated processes and controls:

» At first instance, assurance is provided from management through management reports and processes.
» Assurance also comes from the monitoring, oversight and reporting undertaken by the Audit and Risk Committee, as well as from the independent testing, review and

reporting undertaken by external audit. Independent external auditors are engaged by MyBucks to provide an audit opinion as required by law.

- Process, surveillance, controls or other reviews are performed by Internal Audit as required.

## Research and development

### Software development and IT solutions

As part of our research and development activities, we have developed and utilised proprietary and custom designed technologies and in-house IT solutions, such as our cloud-based proprietary customer interface and loan management System, FinCloud, which is designed to be both powerful enough to handle the large volumes of data required to evaluate customer applications and flexible enough to capitalise on changing customer preferences, market trends and regulatory changes.

Furthermore, the information gathered from our loan management system allows us to focus on clients, both potential or existing, who we believe are more likely to provide us with better credit performance.

Using this approach, we are able to build a valuable list of clients who use the credit products offered, and to whom we can market our new product offerings. In addition, we have also fully integrated third party platforms such as several government platforms into our systems to ensure seamless customer and internal processes. We have also developed and periodically improved custom loan processing and debt collection systems that are based on Microsoft.Net technologies.

The systems, which we utilise, share a common code, which is the same across our countries of operation. This ensures that our websites always have a consistent look and feel whether viewed on desktops or on mobile. This has historically allowed us to launch our business in a new country in approximately three weeks, and to launch businesses in several countries in parallel.

Coupled with remote data centres management, we have been able to quickly replicate our business model in new markets and expect to be able to do so in the future. We have established a data science development team (the Data Science Team) with six full-time equivalent specialists as part of our vision to realise data as a business asset from which value can be extracted in the form of better-informed decision making. Achieving this vision rests on two pillars: a big data strategy where the amount of unstructured operational data being collected is drastically increased, and then building state-of-the-art AI models to unlock the value encapsulated in this data through advanced analysis and data mining.

## Future plans

With the acquisition of 50% stake in New Finance Bank Limited of Malawi the Group will launch its virtual banking offering in one of Africa's most vibrant markets. This transaction will also see GetBucks Malawi disposing its assets and liabilities to the new co-owned business, with the enlarged asset base of New Finance Bank. The combination of NFB's traditional banking expertise with MyBucks' proprietary technology will position NFB as a strong digital bank within Malawi. This is in line with our long-term strategy to become a truly digital bank in all the markets where we operate. Through a deposit gathering strategy, we look forward to substantially reducing our cost of funding and enhance profitability for the Group.

The FinTech industry is teeming with opportunity, innovation and competitiveness. At the same time, it is disrupting a host of traditional financial services, including retail banking, lending and financing, payments and transfers, wealth and asset management, markets and exchanges, insurance and blockchain transactions.

And, while traditional banking institutions across the globe grapple with implementing technological innovation matching that of the FinTech sector, Africa presents FinTechs, such as MyBucks, with enormous opportunity as it comes without the burden of a legacy of technological structures.

The continuing growth of the markets in the countries the Group operates allows us to grow with the market and capitalise on expanding the existing business models.

On behalf of the directors

**David van Niekerk**

**Timothy Nuy**

# Consolidated combined statement of financial position.

## as at 30 June

| | Notes | 2017 € | 2016 (Restated) € | 1 July 2015 (Restated) € |
|---|---|---|---|---|
| **Assets** | | | | |
| *Non-Current Assets* | | | | |
| Property, plant and equipment | 5 | 11 028 568 | 1 687 416 | 720 215 |
| Goodwill | 6 | 3 055 362 | 744 452 | 896 793 |
| Intangible assets | 7 | 6 228 262 | 2 400 904 | 2 439 953 |
| Loans to shareholders | 8 | - | 1 622 802 | - |
| Loans to other related parties | 9 | 5 237 581 | 1 288 842 | 16 970 |
| Other financial assets | 10 | - | - | 2 829 951 |
| Deferred tax | 11 | 2 374 348 | 3 410 442 | 1 321 032 |
| Loan Book | 12 | 22 784 603 | 14 456 197 | 13 475 329 |
| | | **50 708 724** | **25 611 055** | **21 700 243** |
| *Current Assets* | | | | |
| Loans to shareholders | 8 | - | 201 705 | 258 783 |
| Loans to other related parties | 9 | 10 204 601 | 3 013 550 | 1 221 550 |
| Trade and other receivables | 13 | 33 722 296 | 12 318 995 | 11 373 287 |
| Other financial assets | 10 | 484 121 | 446 592 | - |
| Loan Book | 12 | 45 742 325 | 24 342 406 | 21 349 689 |
| Taxation paid in advance | 14 | 782 115 | 483 310 | - |
| Cash and cash equivalents | 15 | 15 050 536 | 18 904 369 | 7 970 677 |
| | | **105 985 994** | **59 710 927** | **42 173 986** |
| **Total Assets** | | **156 694 718** | **85 321 982** | **63 874 229** |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| *Equity Attributable to owners of Parent* | | | | |
| Share capital | 16 | 11 665 612 | 10 998 000 | 7 677 526 |
| Share premium | 16 | 19 348 748 | 8 413 279 | - |
| Foreign currency translation reserve | | (1 483 168) | (2 802 986) | 1 134 632 |
| Other reserves | 16 | (1 274 763) | (1 861 087) | 15 394 |
| Accumulated loss | | (16 802 393) | (766 302) | 7 181 |
| | | 11 454 036 | 13 980 904 | 8 834 733 |
| *Non-controlling interest* | | 8 779 591 | 3 123 390 | 2 209 013 |
| | | **20 233 627** | **17 104 294** | **11 043 746** |
| **Liabilities** | | | | |
| *Non-Current liabilities* | | | | |
| Loans from shareholders | 8 | - | - | 14 608 231 |
| Loans from other related parties | 9 | 26 823 581 | 13 771 196 | - |
| Other financial liabilities | 17 | 19 438 852 | 626 484 | 10 617 495 |
| Finance lease liabilities | 18 | 102 468 | 104 886 | 7 607 |
| Deferred tax | 11 | 67 860 | 15 321 | 509 |
| Deferred grant income | 22 | 179 538 | - | - |
| Deposits from customers | 23 | 183 453 | 70 107 | - |
| Derivative financial instruments | 20 | - | - | 316 358 |
| | | **46 795 752** | **14 587 994** | **25 550 200** |

# Consolidated combined statement of financial position.

## as at 30 June

| | Notes | 2017 € | 2016 (Restated) € | 1 July 2015 (Restated) € |
|---|---|---|---|---|
| *Current Liabilities* | | | | |
| Trade and other payables | 21 | 11 529 802 | 7 048 063 | 3 442 397 |
| Loans from shareholders | 8 | 4 774 000 | 5 534 910 | 3 672 738 |
| Loans from other related parties | 9 | 10 348 630 | 7 641 334 | 1 074 131 |
| Other financial liabilities | 17 | 43 957 753 | 26 142 997 | 15 645 927 |
| Finance lease liabilities | 18 | 40 868 | 28 730 | 29 350 |
| Deferred grant income | 22 | 2 054 696 | - | - |
| Current tax payable | 14 | 1 282 512 | 1 448 373 | 412 940 |
| Deposits from customers | 23 | 11 310 110 | 318 709 | - |
| Derivative financial instruments | 20 | - | 341 109 | - |
| Bank overdraft | 15 | 4 366 968 | 5 125 469 | 3 002 800 |
| | | **89 665 339** | **53 629 694** | **27 280 283** |
| **Total Liabilities** | | **136 461 091** | **68 217 688** | **52 830 483** |
| **Total Equity and Liabilities** | | **156 694 718** | **85 321 982** | **63 874 229** |

The above consolidated combined statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated combined statement of profit or loss & other comprehensive income.

## for the year ended 30 June

| | Notes | 2017 € | 2016 (Restated) € |
|---|---|---|---|
| Revenue | 24 | 53 773 404 | 36 249 874 |
| Loan impairments | 25 | (12 039 736) | (6 749 063) |
| Other income | 26 | 6 191 698 | 629 168 |
| Employee costs | 27 | (13 907 805) | (7 121 948) |
| Depreciation, amortisation and impairments | 27 | (2 520 109) | (762 526) |
| Consulting and professional fees | 27 | (4 893 710) | (2 765 720) |
| Operating expenses | 27 | (15 665 672) | (8 400 687) |
| **Operating profit** | | **10 938 070** | **11 079 098** |
| Investment revenue | 28 | 2 683 535 | 1 499 738 |
| Finance costs | 29 | (21 311 705) | (11 692 667) |
| **(Loss) profit before taxation** | | **(7 690 100)** | **886 169** |
| Income tax expense | 30 | (3 428 701) | (1 887 039) |
| **Loss from continuing operations** | | **(11 118 801)** | **(1 000 870)** |
| Loss from discontinued operations | 31 | (1 895 349) | (876 146) |
| **Loss for the year** | | **(13 014 150)** | **(1 877 016)** |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Non-controlling interest (NCI) exchange difference in translating foreign operations | | (322 559) | 43 207 |
| Exchange differences on translating foreign operations | 16 | 1 319 818 | (3 937 618) |
| Effects of cash flow hedges | | (59 601) | 44 207 |
| **Total items that may be reclassified to profit or loss** | | **937 658** | **(3 850 204)** |
| **Other comprehensive income for the year net of income tax expense** | | **937 658** | **(3 850 204)** |
| **Total comprehensive loss for the year** | | **(12 076 492)** | **(5 727 220)** |
| | | | |
| **Loss attributable to:** | | | |
| **Owners of the parent:** | | | |
| From continuing operations | | (13 139 298) | (2 229 809) |
| From discontinued operations | 31 | (1 895 349) | (876 126) |
| | | **(15 034 647)** | **(3 105 935)** |
| **Non-controlling interest:** | | | |
| From continuing operations | | **2 020 497** | **1 228 919** |
| | | | |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the parent | | (13 774 430) | (6 999 346) |
| Non-controlling interest | | 1 697 938 | 1 272 126 |
| | | **(12 076 492)** | **(5 727 220)** |
| **Earnings per share** | | | |
| Basic loss per share from continuing operations | 32 | (1.14) | (0.22) |
| Basic loss per share from discontinuing operations | 32 | (0.16) | (0.09) |
| Diluted loss per share from continuing operations | 33 | (1.14) | (0.22) |
| Diluted loss per share from discontinuing operations | 33 | (0.16) | (0.09) |

The above consolidated combined statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Combined Statement of Changes in Equity.

## for the year ended 30 June

| | Predecessor share capital | Owner share capital | Total share capital | Share premium | Foreign currency translation reserve | Other reserves | Accumulated loss | Total attributable to owners of the parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Figures in €** | | | | | | | | | | |
| **Balance at 01 July 2015 as restated** | **7 677 526** | **-** | **7 677 526** | **-** | **1 134 632** | **15 394** | **7 181** | **8 834 733** | **2 209 013** | **11 043 746** |
| Loss for the year | - | - | - | - | - | - | (3 105 935) | (3 105 935) | 1 228 919 | (1 877 016) |
| Other comprehensive income | - | - | - | - | (3 937 618) | 44 207 | - | (3 893 411) | 43 207 | (3 850 204) |
| **Total comprehensive Loss for the year** | **-** | **-** | **-** | **-** | **(3 937 618)** | **44 207** | **(3 105 935)** | **(6 999 346)** | **1 272 126** | **(5 727 220)** |
| Issue of shares | - | 10 998 000 | 10 998 000 | 8 413 279 | - | (2 302 474) | - | 17 108 805 | - | 17 108 805 |
| Transfer between predecessor and owner | (7 677 526) | - | (7 677 526) | - | - | - | - | (7 677 526) | - | (7 677 526) |
| Transactions with NCI | - | - | - | - | - | - | 2 332 452 | 2 332 452 | 310 136 | 2 642 588 |
| Share based payment reserve | - | - | - | - | - | 381 786 | - | 381 786 | - | 381 786 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | (45 113) | (45 113) |
| Dividends declared by subsidiary | - | - | - | - | - | - | - | - | (622 772) | (622 772) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | **(7 677 526)** | **10 998 000** | **3 320 474** | **8 413 279** | **-** | **(1 920 688)** | **2 332 452** | **12 145 516** | **(357 749)** | **11 787 767** |
| **Balance at 30 June 2016 as restated** | **-** | **10 998 000** | **10 998 000** | **8 413 279** | **(2 802 986)** | **(1 861 087)** | **(766 302)** | **13 980 904** | **3 123 390** | **17 104 294** |

# Consolidated Combined Statement of Changes in Equity.

## for the year ended 30 June

| Figures in € | Predecessor share capital | Owner share capital | Total share capital | Share premium | Foreign currency translation reserve | Other reserves | Accumulated loss | Total attributable to owners of the parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01 July 2016 as restated** | **-** | **10 998 000** | **10 998 000** | **8 413 279** | **(2 802 986)** | **(1 861 087)** | **(766 302)** | **13 980 904** | **3 123 390** | **17 104 294** |
| Loss for the year | - | - | - | - | - | - | (15 034 647) | (15 034 647) | 2 020 497 | (13 014 150) |
| Other comprehensive income | - | - | - | - | 1 319 818 | (59 601) | - | 1 260 217 | (322 559) | 937 658 |
| **Total comprehensive Loss for the year** | **-** | **-** | **-** | **-** | **1 319 818** | **(59 601)** | **(15 034 647)** | **(13 774 430)** | **1 697 938** | **(12 076 492)** |
| Issue of shares | - | 667 612 | 667 612 | 10 935 469 | - | - | - | 11 603 081 | - | 11 603 081 |
| Share based payment reserve | - | - | - | - | - | 645 925 | - | 645 925 | - | 645 925 |
| Capital injection by minority shareholder | - | - | - | - | - | - | - | - | 368 183 | 368 183 |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | 4 257 322 | 4 257 322 |
| Dividends | - | - | - | - | - | - | - | - | (592 039) | (592 039) |
| Transactions with NCI | - | - | - | - | - | - | (1 001 444) | (1 001 444) | (75 203) | (1 076 647) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | **-** | **667 612** | **667 612** | **10 935 469** | **-** | **(645 925)** | **(1 001 444)** | **11 247 562** | **3 958 263** | **13 205 825** |
| **Balance at 30 June 2017** | **-** | **11 665 612** | **11 665 612** | **19 348 748** | **(1 483 168)** | **(1 274 763)** | **(16 802 393)** | **11 454 036** | **8 779 591** | **20 233 627** |
| Note(s) | | | 16 | 16 | 16 | 16 | | | 4 | |

The above consolidated combined statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated combined statement of cash flows.

## for the year ended 30 June

| | Notes | 2017 € | 2016 (Restated) € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash (used in)/generated by operations | 33 | (9 461 578) | 6 202 188 |
| Interest received | | 1 557 462 | 658 045 |
| Interest paid | | (17 223 580) | (10 475 090) |
| Tax paid | 14 | (3 211 401) | (2 944 444) |
| **Net cash flows used in operating activities** | | **(28 339 093)** | **(6 559 301)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (3 052 836) | (632 404) |
| Proceeds on sale of property, plant and equipment | | 101 217 | 24 327 |
| Investment in intangible assets | | (502 510) | (258 591) |
| Payment for acquisition of subsidiary, net of cash acquired | | (36 482) | - |
| Placement/Encashment of short term deposits | | (1 181 597) | 148 101 |
| Loans advanced to related parties | | (6 486 218) | (357 214) |
| Repayments from related parties | | 3 821 209 | 478 183 |
| Investment in other financial assets | | (3 940 293) | (105 242) |
| Payments received from loans related to other financial assets | | 663 118 | - |
| Advances to shareholders | | - | (4 539 981) |
| Repayments from shareholders | | - | 1 004 983 |
| Non controlling interest shares acquired | | (1 097 641) | - |
| **Net cash flows used in investing activities** | | **(11 712 033)** | **(4 237 838)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds on share issue | | 2 488 681 | 12 011 600 |
| Capital raising fee | | (36 515) | - |
| Repayment of other financial borrowings | | (26 164 530) | (6 315 661) |
| Proceeds from other financial borrowings | | 47 332 786 | 13 477 218 |
| Payment of derivative margin call deposit | 20 | (479 004) | - |
| Advances from related parties | | 20 042 369 | 7 203 702 |
| Repayments to related parties | | (7 546 368) | (6 313 712) |
| Finance lease payments | | (39 613) | (44 542) |
| Grant received | 22 | 1 257 840 | - |
| Dividends paid | | (274 098) | (622 772) |
| **Net cash flows from financing activities** | | **36 581 548** | **19 395 833** |
| | | | |
| **Total cash movement for the year** | | (3 469 578) | 8 598 694 |
| Cash and cash equivalents at the beginning of the year | | 13 778 900 | 4 967 876 |
| Effect of exchange rate movement on cash and cash equivalents balances | | 374 246 | 212 330 |
| **Total cash and cash equivalents at the end of the year** | 15 | **10 683 568** | **13 778 900** |

The above consolidated combined statement of cash flow should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies

### Background and purpose of the Consolidated Combined Financial Statements

MyBucks is a FinTech company that embraces technology as a means to provide financial products and services to our customers. The group's current primary activities are micro-lending. The group provides mid-term and long-term (6 - 60 month) loans with deduction at source collection mechanisms through pay-roll deduction agreements with employers. The group provides short-term loans (shorter than six months) on the back of direct debit collection mechanisms.

MyBucks S.á r.l. was incorporated as a holding company with interests in the financial services industry on 7 August 2015 in Luxembourg and obtained its certificate to commence business B199543 on the same day. The company operates in South Africa, Sub-Saharan Africa and Europe having its registered office at, Rue Steichen, L-2540, Luxembourg.

On 14 December 2015, GetBucks Proprietary Limited (South Africa) and GetBucks Limited (Mauritius) were contributed into MyBucks S.á r.l. by the existing shareholders of the two companies. The ultimate beneficial owners of both companies and controlling rights have not changed.

The Company changed its legal form from a Société á responsabilité limitée into a Société Anonyme. It was resolved by the Shareholders' Meeting on 12 January 2016.

MyBucks became the first African focused FinTech company to list on the Frankfurt Stock Exchange Entry Standard. The offer was fully subscribed, offering €15.5 million including over allotment based on the issue price of €13.50 per share. The first trading date of the new shares on the Entry Standard of the Frankfurt Stock Exchange Entry Standard on 23 June 2016.

### Basis of preparation

The consolidated combined financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The combined consolidated financial statements have been prepared on the historical cost basis, except when fair value of another specific measurement basis are required by specific standard, and incorporate the principle accounting policies set out below.

Prior to 14 December 2015, the Profit or Loss and Comprehensive Income, Cash Flows and Financial Position of the Predecessor Companies were presented on a combined basis as they were not consolidated into any common parent or holding company but were all under the common control. The combined statement of shareholders' equity prior to group restructuring represents the sum of the underlying invested equity in the Predecessor Companies listed above and does not represent shares in a single stand-alone basis.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

In the absence of a specific IFRS literature dealing with Consolidated Combined Financial Statements, the Group defined the principles and conventions for combination presented hereunder.

All intra-group balances within the group, income and expenses, unrealised gains and losses resulting from transactions between the group entities are eliminated in the combined consolidated financial statements.

As stated above, businesses have been accounted for as a business combination under common control and therefore no assets or liabilities have been restated to their fair values. Instead, predecessor carrying value has been applied. No new goodwill arises in predecessor accounting. The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired enitiy are included in equity in a separate reserve.

## 1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated combined financial statements are set out below.

### 1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions. The executive committee consists of directors and upper management. The Group has revised its reporting segments due to the inclusion of new subsidiaries. In line with the Group's reporting practises each country is treated as a separate operating segment. The remaining non-material segments have been aggregated.

### 1.2 Consolidation

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Control exists when an investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. Where such exposure and power exists over an investee, the investee is accounted for as a subsidiary. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Inter-company transactions, balances, income and expenses on transactions between group companies

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### Business combinations

Except for the restructuring under common control, in the case of business combinations, the group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liabilityis recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated Statement of Profit or Loss and Comprehensive Income.

### Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the Consolidated Combined Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Consolidated Combined Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Consolidated Combined Financial Statements. Significant judgements include:

#### Other receivables, loan book and other loans

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

#### Other receivables and loans

Management performs impairment testing on the recoverability of loans and receivables to establish if an impairment loss or gain should be recognised on the estimated future cash flows from these financial assets. Management looks at current profitability and liquidity as well as cash flows and forecasts to determine if other receivables and loans with an entity will be recoverable.

#### Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices for similar instruments are used for longterm debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. The fair values were calculated based on cash flows discounted using a current lending rate. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

#### Impairment testing of non-financial assets

The recoverable amounts of cash-generating

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill, tangible and intangible assets.

### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### 1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- » it is probable that future economic benefits associated with the item will flow to the company;
- » and the cost of the item can be measured reliably.

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year. Property, plant and equipment is initially measured at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

reflects the pattern in which the asset's economic benefits are consumed by the company. All assets are depreciated over a straight line basis over the estimated useful life. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life |
|---|---|
| Buildings | 20 years |
| Furniture and fixtures | 6 years |
| Motor vehicles | 5 years |
| Office equipment | 5 years |
| IT equipment | 3 years |
| Leasehold improvements | Shorter of useful life and lease period |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### Acquisition of group of assets or net assets that does not constitute the business

When the Group acquires a group of assets or net assets that does not constitute a business, it allocates the cost of the group between the individual identifiable assets and liabilities based on their relative fair values at the acquisition date. Such a transaction or event does not give rise to goodwill. When purchase consideration paid for the acquisition of the group of assets includes contingent consideration, the Group recognises subsequent changes to the contingent consideration in the statement of profit and loss and other comprehensive income.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### 1.5 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

A gain on bargain purchase arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire over the consideration transferred. A bargain purchase represents a gain on the acquisition of the acquire and this resulting gain is recognised in the profit and loss. Cash-Generating Units (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

### 1.6 Intangible assets

An intangible asset is recognised when:

» it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
» the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

» it is technically feasible to complete the asset so that it will be available for use or sale.
» there is an intention to complete and use or sell it.
» there is an ability to use or sell it.
» it will generate probable future economic benefits.
» there are available technical, financial

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

and other resources to complete the development and to use or sell the asset.

» the expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|---|---|
| Intellectual property legal guard | 3 years |
| Computer software, internally generated | 5 years |
| Computer software, other | 3-5 years |
| Customer relationships | 3-14 years |
| Core deposits | 2 years |
| Trademarks | 14 years |

### 1.7 Financial instruments

#### Classification

The company classifies financial assets and financial liabilities into the following categories:

» Financial assets at fair value through profit or loss - held for trading
» Loans and receivables
» Available-for-sale financial assets
» Financial liabilities at fair value through profit or loss - held for trading
» Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and characteristics of those instruments. Management determines the classification of its financial assets/liabilities at initial recognition.

#### Financial assets/liabilities at fair value through profit or loss

Financial assets/liabilities at fair value through profit or loss are financial assets/liabilities held for trading. A financial asset/liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### Loans and receivables/financial liabilities measured at amortised cost

Loans and receivables/financial liabilities measured at amortised cost are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets/liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets/liabilities. The group's loans and receivables/financial liabilities measured at amortised cost comprise 'loans to/(from) related parties', 'other financial assets', 'loans to/(from) shareholders', 'loan book', 'other receivables', 'cash and cash equivalents', 'other financial borrowings', 'finance lease liabilities' and 'trade and other payables' in the consolidated statement of financial position.

### Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are initially recognised at fair value plus transaction costs for all financial assets/liabilities not carried at fair value through profit or loss. Financial assets/liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Consolidated Statement of Profit and Loss and Comprehensive Income. Available-for-sale financial assets and financial assets/liabilities at fair value through profit or loss are subsequently carried at fair value. Loans and receivables/financial liabilities measured at amortised cost are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets/liabilities at fair value through profit or loss category are presented in the consolidated statement of profit and loss and comprehensive income within 'Other income' and 'Operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit and loss and comprehensive Income as part of other income when the group's right to receive payments is established.

### Derecognition

Gains or losses arising from changes in the fair value of the financial assets/liabilities at fair value through profit or loss category are presented in the consolidated statement of profit and loss and comprehensive income within 'Other income' and 'Operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated Statement of Profit and Loss and Comprehensive Income as part of other income when the group's right to receive payments is established.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### Fair value determination

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 requires an entity to classify fair values measured and/or disclosed according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined as follows:

**Quoted market prices – Level 1:**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Valuation technique using observable inputs – Level 2:**

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Valuation technique using significant unobservable inputs – Level 3:**

Level 3 inputs inputs are unobservable inputs for the asset or liability.

### Fair value measurement and valuation processes

The MyBucks Group has applied valuation techniques in order to establish the fair value of its financial assets and financial liabilities. The valuation of a number of the instruments has required judgemental inputs. This is the case where no reference can be made to a quoted market price for a similar instrument, and where assumptions are made in respect of unobservable inputs.

### Offsetting financial assets and financial liabilities

Financial assets/liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets have been impaired. An emergence period concept is applied to ensure that only impairments that exist at the reporting date are captured. The emergence period is defined as the time lapse between the occurrence of a trigger event (unidentified impairment) and the impairment being identified at an individual account level (identified impairment).

A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria that are used by the group in determining whether there is objective evidence of impairment include:.

- a breach of contract, such as default or delinquency in interest and/or principal payments; it becoming probable that
- the borrower will enter bankruptcy
- concessions granted from the lender to the borrower that the lender would not have considered normally

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of an allowance for credit losses account and the loss is recognised as a credit impairment charge in the consolidated Statement of Profit or Loss.

If the group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment.

In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the group identifies the losses).

All significant counterparty relationships are reviewed periodically. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impaired loans are defined as loans that have missed contractual payments on a accumalative basis by reference to the payments missed. These are recognised as follows:

- Non-performing loans are designated into this category when the loan has missed a contractual payment. Partial performing loans are past due but have had at least a partial performance by reference to the original contractual payment due within the last 2 months.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

» Performing loans are loans that have not missed any contractual payments.

The impairment of non-performing loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses.

The group adopts a formulaic approach to its impaired loans. On non-performing loans a progressively higher percentage loss rate is applied the longer a customer's loan is past due and are grouped into aged categories as per note 35.

The group assesses the probability of default by making reference to historical collection data. The historical collection data are reviewed quarterly to reduce the difference between the impairment allowance estimate and actual loss experience. Rehabilitated loans are non-performing loans where an outstanding amount has been collected whether partial or in full. Rehabilitated loans are monitored separately and are treated as either performing loans or non- performing loans based on proven subsequent performance history. Impairment losses are recognised in profit or loss. Subsequent to impairment, the effects of discounting unwind over time as interest income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the customers' credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income. Impaired loans (and the related impairment allowance) are written off at the impaired loans earliest of when they are past due for 365 days or when there is no likelihood of recalling future payments.

The carrying value of these assets, being the present value of estimated future cash flows discounted at the respective financial assets' original effective interest rate, is disclosed as part of net advances.

The estimated recoveries on loans written off are regarded as insignificant and are recognised as a gain in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income.

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are reset to performing loan status. These loans are subject to ongoing review to determine whether they are considered impaired or past due.

### Loans to/(from) shareholders

These financial assets/liabilities are classified as loans and receivables/payables.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### Loans to/(from) related parties

Loans to related parties are classified as loans and receivables. Loans from related parties are classified as financial liabilities measured at amortised cost. They are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income over the period of the loan using the effective interest method.

### Loan book and other receivables

Loan book and other receivables are classified as loans and receivables.

Loan book and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loan book and other receivables are classified as non-current assets if expected payment is more than one year.

### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method . If collection is expected in one year or less (or in normal operating cycle of business if longer), they are classified as current liabilities. If not, they are presented as non-current liabilities.

### Cash and cash equivalents

In the Consolidated Combined Statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments not subject to fair value movement with original maturities of three months or less and bank overdrafts. In the Consolidated Combined Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

All deposits with original maturity of more than three months are classified as short-term deposits under other receivables.

### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value net of transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income over the term of the borrowings using the effective interest method.

Bank overdrafts and borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated Statement of Financial Position date. Borrowings are

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption of borrowings is recognised over the term of the borrowings on an effective interest rate basis.

### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised from other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated Statement of Profit or Loss within 'other income'. Amounts accumulated in equity are reclassified from other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the consolidated Statement of Profit or Loss within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated Statement of Profit or Loss and Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated Statement of Profit or Loss and Comprehensive Income within 'Finance costs'.

## 1.8 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the

## 1. Accounting policies (continued)

reporting period.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respects to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and withholding tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and withholding tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax and deferred taxes are charged or credited from other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, from other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

**Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

**Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

### 1.10 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date. Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the of profit or loss.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### 1.11 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit or group of cash generating units to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

### 1.12 Share capital and equity

Ordinary shares are classified as equity. Any premium received over and above the par value of the share is classified as 'share premium' in equity.

#### Share premium

Proceeds from issue of shares above the nominal value is recorded as share premium. Incremental costs directly attributable to the issue of new shares or options are shown in share premium as a deduction, net of tax, from the proceeds. For equity-settled options, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 1.13 Reserves

#### Share application fund reserve

Proceeds received from investors for the purchases of shares not yet issued in their name are credited to the share application fund reserve and transferred to stated capital upon formal issue and registration of the purchased shares to the investor.

#### Share-based payment reserve

Share-based compensation benefits are provided to employees via an Employee Share Option Plan. (Refer 1.15)

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### 1.14 Earnings per share

#### Basic earnings per share:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

#### Diluted earnings per share

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary equity holders of the parent entity, and dividing this by the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

### 1.15 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised as an other expense in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income, in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an other expense in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income, as the employees render services that increase their entitlement or, in the case of nonaccumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an other expense in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income, when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The cost of defined contribution is recognised as an other expense in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income.

#### Employee option plan

The options granted to employees under the MyBucks S.A. Employee Option Plan are potential ordinary shares. They have been included in the determination of diluted earnings per share as they have a dilutive effect.

#### Greenshoe option

Options granted to the underwriter are potential ordinary shares. They have been included in the determination of diluted earnings per share as they have a dilutive effect.

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

### 1.16 Revenue

#### Interest income

Interest is recognised, in profit or loss, using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

#### Dividend income

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

#### Fee and commission income

Other fees and commission income, including monthly service fees, commission on insurance policies, administration and management fees, are recognised as the related services are performed.

### 1.17 Deferred grant income

Some of subsidiaries of the group grant loans at reduced rates to certain groups of people in certain conditions under existing agreements with local communities as part of Social Responsibility Programmes and such a reduction is compensated by those communities. The Group recognises the deferred grant income at the issuance of a loan. The deferred grant income is recognised as part of revenue throughout the life of loans.

### 1.18 Loan impairments

Impairment on loans relate to bad debts written-off and the movement in the bad debt provision from prior year.

### 1.19 Finance costs

All foreign exchange movements, commission, interest paid and impairments directly attributable to the earnings of interest and fees on financial assets other than the loan book are recognised as finance costs on other financial assets.

### 1.20 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Consolidated Combined Financial Statements in the period in which the dividends are approved by the company's directors.

### 1.21 Translation of foreign currencies

#### Foreign currency transactions

The Group's consolidated combined financial statements are presented in Euro.

#### Translation from foreign to functional currency

Monetary assets and liabilities expressed in currencies other than the functional currency are translated into the respective functional currency at the spot exchange rate between

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

foreign currency and the functional currency. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the relevant functional currency at the spot exchange rate at the end of the respective reporting periods are recognised in profit or loss. Transactions and non-monetary assets are translated using the historic exchange rate at the date of the transaction.

### Translation from functional to presentation currency

The results and financial position of entities of the Group with functional currencies other than Euro are translated into the presentation currency as follows:

- » assets and liabilities for each statement of financial position line are translated at the closing rate at the date of that
- » statement of financial position;
- » income and expenses in the statement of comprehensive income are translated at exchange rates at the dates of
- » the transactions, components of equity are translated at historical rates; and
- » all resulting exchange differences are recognised in other comprehensive income (in the translation reserve).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss. Cash flows arising from transactions in a foreign currency are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.

### Group companies

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- » assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- » income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions;
- » and all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and

# Notes to the Consolidated Combined Financial Statements.

## 1. Accounting policies (continued)

liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows. Exchange differences arising are recognised in other comprehensive income.

# Notes to the Consolidated Combined Financial Statements.

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Impact: |
|---|---|---|
| » Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations | 01-Jan-16 | The impact of the amendment is not material. |
| » Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation | 01-Jan-16 | The impact of the amendment is not material. |
| » Amendment to IAS 27: Equity Method in Separate Financial Statements | 01-Jan-16 | The impact of the amendment is not material. |
| » Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption | 01-Jan-16 | The impact of the amendment is not material. |
| » Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project | 01-Jan-16 | The impact of the amendment is not material. |
| » Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements | 01-Jan-16 | The impact of the amendment is not material. |

### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2017 or later periods:

**Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions**
The amendment provides for share-based payment transactions with a net settlement feature for withholding tax obligations. The effective date of the amendment is for years beginning on or after 01 January 2018. The company expects to adopt the amendment for the first time in the 2019 consolidated combined annual financial statements. The impact of this amendment is currently being assessed.

**Amendments to IAS 7: Disclosure initiative**
The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. The effective date of the amendment is for years beginning on or after 01 January 2017. The company expects to adopt the amendment for the first time in the 2018 consolidated combined annual financial statements. The impact of this amendment is currently being assessed.

# Notes to the Consolidated Combined Financial Statements.

## 2. New standards and interpretations (continued)

**IFRS 9 Financial Instruments**
IFRS 9 Financial Instruments was issued in July 2014 and will replace certain key elements of IAS 39. The mandatory effective date for IFRS 9 is for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The two key elements that would impact the group's accounting policies include:

» Classification and measurement of financial assets and financial liabilities:
  the standard requires that all financial assets be classified as either held at fair value through profit or loss, fair value through other comprehensive income or amortised cost. The amortised cost classification is only permitted where it is held within a business model where the underlying cash flows are held in order to collect contractual cash flows and that the cash flows arise solely from payment of principal and interest. Financial assets which are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (and whose contractual cash flows represent solely payments of principal and interest will be measured at fair value through other comprehensive income. The standard further provides that gains or losses on assets held at fair value are recognised in the income statement unless the entity has elected to recognise gains or losses on non-trading equity investments directly through other comprehensive income. With reference to financial liabilities held at fair value, the standard requires that changes to fair value attributable to own credit risk are recognised directly in other comprehensive income without recycling through the income statement;

» Impairment methodology:
  the key change is related to a shift from an incurred loss to an expected loss impairment methodology. At initial recognition an allowance (or provision in the case of commitments and guarantees) is required for expected credit losses (ECL) resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk since initial recognition, IFRS 9 requires the recognition of lifetime expected credit losses. Impairment measurement will involve increased complexity and significant judgements on areas such as the estimation of probabilities of default, loss given default, unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing whether a significant increase in credit risk has occurred.

IFRS 9 also includes guidance on hedge accounting. The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The standard does not address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting. The group intends to continue applying IAS 39's hedge accounting, although it will implement the amended IFRS 7 hedge accounting disclosure requirements, until the macro hedge accounting project has been completed.

The group has established an IFRS 9 steering committee comprising of executive representation and key management from Risk, Finance, Analytics and IT.

The committee is accountable for IFRS 9 implementation and is supported by working groups responsible for different work streams. The committee continues to progress with documentation of the group's accounting policy and governance

## 2. New standards and interpretations (continued)

framework and the development of ECL models and operating and system target operating models. The committee provides updates of the status of the project to appropriate board committees. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods.

**Current assessment of classification and measurement:**
The group expects that generally:
» loans and advances to customers that are classified as loans and receivables under IAS 39 will be measured at amortised cost under IFRS 9;
» financial assets designated at fair value through profit or loss (FVTPL) under IAS 39 will be measured at FVTPL under IFRS 9.

The group continues to assess the impact of this standard, the full impact will be disclosed in the 30 June 2018 Group results.

The group is monitoring the IASB's project to amend IFRS 9 to the effect that basic lending arrangements with symmetrical break clauses continue to qualify for amortised cost accounting. These clauses are common features in fixed rate loans due to market practice and may result in compensation for early termination being paid by either the borrower or the group. The IASB has issued an exposure draft in April 2017 which will be effective 1 January 2018 in line with IFRS 9's effective date. Based on these anticipated amendments, we expect that we can continue to measure the impacted loans at amortised cost.

**Current assessment of impairments:**
As noted, the group would also shift its impairment methodology from the current incurred loss basis to expected loss. Credit risk methodologies have been defined and model built, and approval is underway and nearing completion. The group intends to perform a parallel run towards the end of 2018 and in doing so models and credit risk processes will be tested during this period to embed the changes and help improve the understanding of the new impairment models. The group has reviewed key definitions such as significant deterioration in credit quality and default against our current asset quality classifications. A framework is being established that incorporates both quantitative and qualitative measures. Any decisions in relation to credit deterioration will be management decisions subject to approval by governing bodies.

The group will incorporate IFRS 9 requirements into our group credit risk classification and provisioning policy. It will not be practical to disclose reliable financial impact estimates until the implementation programme and validation and testing is further advanced. The group intends to disclose this in the 2018 annual financial statements.

**Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses**
In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The effective date of the amendment is for years beginning on or after 01 January 2017. The company expects to adopt the amendment for the first time in the 2018 consolidated combined annual financial statements. The impact of this amendment is currently being assessed.

**Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers**
The effective date of this standard is 1 January 2018 with early adoption permitted. The standard provides a principle

# Notes to the Consolidated Combined Financial Statements.

## 2. New standards and interpretations (continued)

based approach for revenue recognition and introduces the concept of recognizing revenue for obligations as or when they are satisfied. The standard may be applied on a "modified retrospective" basis whereby recognition, measurement and disclosure requirements are applied from 2018 subject to a cumulative catch up adjustment to opening retained earnings on this date in respect of open contracts in scope of the standard.

It is expected that revenue in the scope of IFRS 15 will predominately be fees and commission income and the impact of the standard is currently being assessed by management. It is not yet practical to quantify the effect of IFRS15 in these financial statements.

**IFRS 16 Leases**

IThe effective date of this standard is 1 January 2019 with early adoption permitted if IFRS15 is also adopted at or before the application of IFRS 16. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset value is deemed immaterial. The lessee is required to recognize a "Right in use" asset which represents the right to use the underlying asset and a lease liability representing the obligation to make the lease payments. IFRS16 substantially carries forward the lessor accounting in IAS 17 leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and account for those types of leases differently. The impact of this new standard is currently being assessed. It is not yet particle to quantify the effect of this standard on the consolidated financial statements.

# Notes to the Consolidated Combined Financial Statements.

## 3. Prior period errors

During the current year, errors were identified in the accounting treatment from the prior years. These included the following:

**Error from interest income:**

Historically a portion of interest was being recognised upfront and was not recognised using the effective interest method according to IAS39. This resulted in the overstatement of interest income and the loan book balance. This error specifically impacted Kenya, Zambia, Botswana and Malawi. To rectify the error the interest income realised in the past was reversed and deferred over the tenure of the loans.

**Error from insurance income:**

It was identified in the current year that the revenue derived from the insurance products in Zambia was not compliant with the requirements as indicated by The Insurance Act, No 27 of 1997. The act indicates that insurance products can be sold, but not at a profit if the entity is not registered as an insurance broker. Therefore, all amounts charged to customers as profit on the insurance charge received from the underwriter has been reversed out of Revenue and Loan Book. The amounts overcharged to customers were accounted for as a liability in the financial records and will be refunded to customers subsequent to year end.

**Error in consolidation of the Alto entities:**

The acquisition agreement of Alto Legal and Alto Assurance was signed on 30 June 2016. During the 2016 financial year, this sale agreement date was deemed to be acquisition date of these companies. However, it became evident during the 2017 financial year that regulatory approval was required in order to conclude this transfer of shares. Following the receipt of regulatory approval, obtained on 16 November 2016, these companies were deconsolidated to correct the prior period error.

| 30 June 2016 | Original balance | Error | Restated balance |
|---|---|---|---|
| **Consolidated Combined Statement of financial position** | | | |
| Property plant and equipment | 1 745 511 | (58 095) | 1 687 416 |
| Goodwill | 795 443 | (50 991) | 744 452 |
| Intangible assets | 3 018 145 | (617 241) | 2 400 904 |
| Loan book | 41 200 946 | (2 402 343) | 38 798 603 |
| Trade and other receivables | 12 268 009 | 50 986 | 12 318 995 |
| Cash and cash equivalents | 18 908 385 | (4 016) | 18 904 369 |
| Trade and other payables | (6 990 922) | 688 709 | (6 302 213) |
| Taxation payable | (2 201 805) | 7 582 | (2 194 223) |
| Retained earnings | (1 822 247) | 2 588 549 | 766 302 |
| Non-controlling interest | (3 192 225) | 68 835 | (3 123 390) |
| Foreign currency translation reserve | 3 074 965 | (271 979) | 2 802 986 |
| **Consolidatated combined statement of profit and loss** | | | |
| Revenue | 38 905 752 | (520 421) | 38 385 331 |
| Other income | 657 037 | 28 480 | 685 517 |
| Operating expenses | (19 057 157) | (699 303) | (19 756 460) |
| Finance charges | (11 948 429) | (39 439) | (11 987 868) |

# Notes to the Consolidated Combined Financial Statements.

## 3. Prior period errors (continued)

| 30 June 2015 | Original balance | Error | Restated balance |
|---|---|---|---|
| **Consolidated Combined Statement of financial position** | | | |
| Loan book | 36 199 127 | (1 374 1089) | 34 825 018 |
| Trade and other payables | (2 781 229) | (66 293) | (2 847 522) |
| Retained earnings | (1 377 087) | 1 369 906 | (7 181) |
| Non-controlling interest | (2 326 839) | 117 826 | (2 209 013) |
| Foreign currency translation reserve | (1 087 302) | (47 330) | (1 134 632) |

**Reclassifications**

Reclassifications were done from taxation payable to trade and other payables €745 850 (2015: €594 875), this was done for more appropriate disclosure.

## 4. Business combinations

During the financial period under review, the Group acquired a number of businesses which resulted in geographical expansions, expansion of potential product deliveries to customers as well as improve the service delivery.

During October 2015 the group entered into a Share Purchase Agreement with Opportunity International for the share acquisitions of Opportunity Kenya Limited (OKL), Opportunity Tanzania Limited (OTL), Banco Oportunidade de Mocambique (BOM) and Opportunity Bank of Uganda Limited (OBUL). Upon receipt of regulatory approval which was respectively 1 July 2016 for OKL, OTL and BOM and 1 October 2016 for OBUL, these entities were included into the group results for the 2017 financial year from these approval dates. These acquisitions have resulted in various advantages to the group, these include geographical expansion into new markets such as Uganda, Mozambique and Tanzania as well as expanded product delivery to potential customers with the related banking licenses in Mozambique and Uganda with the combination of deposits and relationships from the Opportunity network the Group will have access to a more cost-effective funding basis.

The Group entered into an agreement during October 2016 for the 75% acquisition of Fair Go Finance (Proprietary) Limited. This transaction was concluded on 1 January 2017. This transaction was entered to expand the Groups operations to the Australasia market. Additional to the geographical expansion the business also had a significant existing portfolio and extensive knowledge of the local industry which contributed to the integration of the growth in this region.

The acquisition agreements of Alto Legal (Proprietary) Limited and Alto Assurance (Proprietary) Limited was signed on 30 June 2016. Regulatory approval was received on 16 November 2016, with consolidation into group results from that date. The business was acquired to improve the product delivery for the Botswana customer base. Alto Legal was a 100% subsidiary of Alto Assurance. Alto Assurance had the brokerage license to issue the policies underwritten by Botswana Insurance Corporation (BIC). Alto Legal was used to collect the respective insurance premiums on behalf of Alto Assurance. With the Group's initiative to increase the insurance related income these acquisitions not only increased the customer base of the Group but also resulted in an increase in the knowledge of the local insurance industry.

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

| Company | Description of entity acquired | Effective date | Voting equity owned directly (%) | Primary reason for acquisition |
|---|---|---|---|---|
| Opportunity Kenya Limited (OKL) | OKL is a micro-finance entity which supplies mostly financing to small-medium enterprises (SME) in Kenya. | 01-Jul-16 | 100% | The operations of Opportunity Kenya was identified as an expansion of the current operations in Kenya. This entity has opened the market for the group into Small Medium Enterprise (SME) Lending. |
| Opportunity Tanzania Limited (OTL) | OTL's principal activity is the provision of micro finance services to micro and small scale entrepreneurs. | 01-Jul-16 | 100% | The operations in Tanzania represented a secondary expansion opportunity for the group into a territory which is close to the groups' operations. |
| Opportunity Bank Mozambique (BOM) | BOM is a fully licensed bank through the Central Bank of Mozambique. BOM has various deposits from customers as well as loan products to various industries. | 01-Jul-16 | 100% | The existing BOM operations has resulted in immediate expansion in to this target country for the group. |

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

| Company | Description of entity acquired | Effective date | Voting equity owned directly (%) | Primary reason for acquisition |
|---|---|---|---|---|
| Opportunity Bank of Uganda Limited (OBUL) | The principal activity of the bank is microfinance: disbursing loans to individuals, micro and small scale entrepreneurs. The Bank is licensed by the Bank of Uganda as a tier II financial institution. | 01-Oct-16 | 49% | Uganda is a key market in the East African region and is considered the most entrepreneurial country in Africa. Opportunity Bank of Uganda is a functioning deposit taking entity and with this expansion the group entered this market with a full operational entity. |
| Fair Go Finance (Proprietary) Limited (FairGo) | FairGo is a consumer loan entity with a fully online application process. FairGo has been in operation for 9 years which has grown exponentially over the years in operation. | 01-Jan-17 | 75% | The Fair Go Finance operations in Australia was acquired as a doorway for the group into the Oceania market. |
| Alto Legal (Proprietary) Limited (Alto Legal) | Alto Legal and Alto Assurance are insurance product entities. These entities have been operating for more than five years with a combined existing customer base with 383 policies. | 16-Nov-16 | 100% | The Alto operations were acquired by the group to expand the customer based related insurance products as well as introduce this customer base to the other business offerings of the Botswana group. |
| Alto Assurance (Proprietary) Limited (Alto Assurance) | | 16-Nov-16 | 100% | |

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

| Assets acquired | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Cash and cash balances with various central banks | 2 016 830 | 381 749 | 715 601 | 881 316 | (27 208) | 320 | 4 022 | 3 972 630 |
| Loans and advances | 3 157 770 | 2 082 101 | 4 585 033 | 10 824 628 | 3 922 098 | - | - | 24 571 630 |
| Other assets | 110 806 | 136 965 | 136 302 | 5 374 902 | 142 171 | - | - | 5 901 146 |
| Tax receivable | 194 432 | 27 518 | 26 624 | - | - | - | - | 248 574 |
| Property and equipment | 51 514 | 351 129 | 717 186 | 2 050 941 | 30 857 | - | 4 097 | 3 205 724 |
| Intangible assets | 497 823 | 75 658 | 1 131 | 1 411 460 | 215 933 | - | - | 2 202 005 |
| | **6 029 175** | **3 055 120** | **6 181 877** | **20 543 247** | **4 283 851** | **320** | **8 119** | **40 101 709** |

| Liabilities assumed | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Deposits | (1 922 478) | (242 852) | (3 401 234) | (5 414 147) | - | - | - | (10 980 711) |
| Borrowings | (1 592 919) | (420 764) | (642 984) | (2 856 820) | (4 027 137) | - | - | (9 540 624) |
| Deferred income | (155 247) | (496 335) | (59 744) | (2 354 544) | - | - | - | (3 065 870) |
| Other liabilities | (553 910) | (522 296) | (288 621) | (1 642 278) | (109 357) | (25 400) | (14 304) | (3 156 166) |
| | **(4 224 554)** | **(1 682 247)** | **(4 392 583)** | **(12 267 789)** | **(4 136 494)** | **(25 400)** | **(14 304)** | **(26 743 371)** |
| | | | | | | | | |
| **Net asset value acquired** | **1 804 621** | **1 372 873** | **1 789 294** | **8 275 458** | **147 357** | **(25 080)** | **(6 185)** | **13 358 338** |
| **Non-Controlling Interest** | - | - | - | 4 220 483 | 36 839 | - | - | 4 257 322 |

No contingent liabilities were identified with these acquisitions.

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

| Consideration on the acquisition | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Cash | 498 281 | 139 008 | 1 263 963 | 1 498 569 | - | - | - | 3 399 821 |
| Equity | - | - | 264 672 | 2 506 660 | 2 081 750 | - | - | 4 853 082 |
| Number of shares of MyBucks S.A. issued | - | - | 16 667 | 133 333 | 117 613 | - | - | |
| Fair value of share at date of issue | - | - | 15.88 | 18.80 | 17.70 | - | - | |
| Put option | - | - | - | - | 51 364 | - | - | **51 364** |
| Conversion of loan receivable | - | - | - | - | - | 34 240 | 20 901 | **55 141** |
| **Total consideration** | 498 281 | 139 008 | 1 528 635 | 4 005 229 | 2 133 114 | 34 240 | 20 901 | **8 359 408** |
| Goodwill | - | - | - | - | 2 243 632 | - | - | **2 243 632** |
| Gain on bargain purchase | 1 306 330 | 1 233 865 | 260 659 | 49 746 | - | - | - | **2 850 600** |
| Expense at acquisition | - | - | - | - | - | 59 320 | 27 086 | **86 406** |

### The following was applied in determining the consideration:

**Share valuations:**
The value of the shares issued with regards to the Opportunity Bank of Mozambique (BOM) acquisition relates to the share price at 1 July 2016. The value of the shares issued with regards to the Opportunity Bank of Uganda (OBUL) acquisition relates to the share price at 1 October 2016. The value of the shares issued with regards to the Fair Go acquisition relates to the share price at 12 January 2017.

**Earn-out put option**
The consideration includes a reverse earn-out clause and penalty shares in the form of an earn out put option on the NCI. The reverse earn-out option will be exercised should Fair-Go not achieve Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of 1 million Australian Dollars (AUD) for the year ended 30 June 2017. In terms of the agreement, Fair-Go has to return its MyBucks shares if the EBITDA preformance target is not met. The number of shares to be returned will be based on a formula taking into consideration the actual EBITDA achieved, at a price of €1.00 per share. In addition, Fair-Go has to transfer 5 401 046 Fair-Go shares at a fixed price of AUD0.01 per share to MyBucks. At 30 June 2017, the EBITDA target was not met, however management has agreed to extend the period associated with the EBITDA target to 30 June 2018.

The contingent consideration as a result of the earn-out clause is accounted for at acquisition date as part of the consideration paid, i.e. debit to equity, with corresponding financial liability recognised in the balance sheet at maximum potential redemptions amount. The liability is subject to subsequent re-measurement through profit and loss. As at acquisition date the fair value of the reverse earn-out and put option on NCI contingent consideration was estimated at AUD79 534 (€51 364).

MyBucks considered key inputs of the arrangement and market assumptions to estimate the projected cash flows used to determine the fair value of the arrangement. This included estimating the likelihood and timing of achieving the relevant milestones of the earnout. A probability assessment for each of the potential outcomes as applied based on management estimate. The fair value of the liability classified earnout will be updated at each reporting period after the acquisition date. Changes in fair value measurements will take into account the most current probability estimates and assumptions, including changes due to the time value of money.

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

**Intangible assets identified at business combination**
**Valuation methodology**
The Group prepared five year forecasts utilising macroeconomic forecasts and current performance matrix for the acquired entities. It valued customer relationships based on the present value of all future revenue from existing customers net of funding and operational costs (incl. contributory asset charges for assembled workforce, software, fixed assets and brands) in sourcing this revenue. It valued core deposits utilising the present value of the differential between cost of deposits funding and external debt funding, net of operational costs. In both cases it applied historical attrition rates over the lifetime of the relationships.

**Customer relationships**
Where products and services provided by the entity to a customer give rise to fee incomes for the entity, a contractual customer relationship will exist between the entity and its customer in connection with the service or product provided. While an asset is already recognized on balance sheet in respect of the loan book itself, management have indicated that the credit facility granted to customers creates additional contractual revenue streams, namely service fees that would not currently be recognized as assets on the balance sheet, as they represent "unearned revenue". While the key driver of value for Financial Services is likely to lie in the loan book itself, the future revenue to be earned from these income streams holds value to the Opportunity entities. We have therefore identified these contractual relationships held with customers as a separately identifiable asset for valuation.

| | Kenya<br>€ | Uganda<br>€ |
|---|---|---|
| Customer relationships value | 497 823 | 1 202 830 |
| Amortisation period* (years) | 14 | 9 |

**Core deposits**
In the banking entities various core deposits exist which have fixed and variable interest rates. These customer deposits give rise to a low-cost source of funding for the business. In the accounting records the only portion recognised with regards to the core deposits is the liability to the customer, however these deposits have been identified as an intangible asset as acquisition. Amortisation period was determined by analysing the contractual periods that currently binds the customers as well the historic view on customer relationships.

| | Uganda<br>€ |
|---|---|
| Core deposit value | 85 237 |
| Amortisation period* (years) | 2 |

*This amortisation period was determined by analysing the contractual periods that currently binds the customers as well the historic view on customer relationships.

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

**Key assumptions**

The table below illustrates the key assumptions used in the valuation of intangible assets:
It was assumed that assumption will be constant for the years after 2023.

| Kenya | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Loan book growth | 27% | 24% | 21% | 18% | 15% | 12% |
| Revenue to Loan Book | 34% | 34% | 34% | 34% | 34% | 34% |
| Cost/Income Ratio | 45% | 40% | 35% | 31% | 29% | 26% |
| Impairment provision to loan book ratio | 59% | 59% | 59% | 59% | 59% | 59% |
| Per Customer Income (Ksh) | 28 152 | 28 152 | 28 152 | 28 152 | 28 152 | 28 152 |
| Number of Customers | 3 716 | 2 902 | 2 091 | 1 354 | 1 028 | 740 |
| Discount Rate | 14.29% | 14.29% | 14.29% | 14.29% | 14.29% | 14.29% |

| Uganda | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Loan book growth | 32% | 29% | 26% | 24% | 22% | 19% |
| Revenue to Loan Book | 43% | 43% | 43% | 43% | 43% | 43% |
| Cost/Income Ratio | 60% | 55% | 49% | 44% | 38% | 34% |
| Impairment to loan book ratio | 6% | 6% | 6% | 6% | 6% | 6% |
| Per Customer Income (Ugx) | 723 626 | 723 626 | 723 626 | 723 626 | 723 626 | 723 626 |
| Number of Customers | 13 313 | 7 883 | 3 777 | 1 960 | 843 | 225 |
| Discount Rate | 17.54% | 17.54% | 17.54% | 17.54% | 17.54% | 17.54% |

If the assumptions were adjusted with a reasonable change the impact would be:

| | 1% Discount rate | 5% Loan book growth | 5% Opex growth | 10% Attrition rate |
|---|---|---|---|---|
| Intangible assets | 497 782 | 332 753 | 553 854 | 43 436 |
| Gain on bargain purchase | 40 371 | 68 735 | 91 226 | 256 996 |

# Notes to the Consolidated Combined Financial Statements.

## 4. Business combinations (continued)

**Goodwill**
The Fair Go acquisition resulted in the recognition of Goodwill. This Goodwill is the result of the synergies which will arise by combining the business model of Fair Go with the business model of MyBucks Group. Fair Go has access to a substantial quantity of customers which will advance the groups trading possibilities. The geographical expansion possibilities from this acquisition as well as the knowledge base from the local team has significantly improved the business potential of the group with the acquisition. Refer to note 6 for key assumptions and values of goodwill derived.

**Gain on bargain purchase**
With the acquisition of the OI entities a gain on bargain purchase was included as part of the transaction amounting to €2 850 600. The gain on bargain purchase originated from the combination of the net assets acquired and the intangible assets resulting from the acquisition compared to the consideration of these entities. As OI is disposing of their operations in Africa, to refocus their operations these entities were acquired at a bargain price.

**Non-Controlling Interest**
On the acquisition of Fair Go and OBUL the Non-Controlling Interest of 25% and 51% respectively was valued at non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

# Notes to the Consolidated Combined Financial statements.

## 4. Business combinations (continued)

| Acquired receivables | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Carrying value of the loan book | 3 157 770 | 2 082 101 | 4 585 033 | 10 824 628 | 4 243 638 | - | - | 24 893 170 |
| Contractual cash flow's | 4 051 609 | 2 639 808 | 4 756 681 | 12 796 305 | 7 998 046 | - | - | 32 242 449 |

The loan book and other receivables approximate fair value. No difference is noted for contractual cash flow of other receivables.

| Amounts included in the current year Statement of Profit of Loss | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue since acquisition | 1 998 859 | 830 424 | 2 308 147 | 3 883 019 | 1 901 093 | 884 | 9 120 | 10 931 546 |
| Profit/(Loss) since acquisition | (2 441 800) | (1 931 651) | (954 125) | 271 691 | (109 037) | 8 180 | 8 250 | (5 148 492) |

| If acquisition was at the beginning of the current financial year the contribution to the Statement of Profit and Loss | Opportunity Kenya Limited | Opportunity Tanzania Limited | Opportunity Bank Mozambique | Opportunity Bank of Uganda Limited | Fair Go Finance (Proprietary) Limited | Alto Legal (Proprietary) Limited | Alto Assurance (Proprietary) Limited | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue as if acquired 1 July | 1 998 859 | 830 424 | 2 308 147 | 5 329 627 | 3 766 218 | 1 516 | 15 638 | 14 250 429 |
| Profit/(Loss) as if acquired 1 July | (2 441 800) | (1 931 651) | (954 125) | 252 688 | (452 617) | 14 027 | 14 147 | (5 499 331) |

## 5. Property, plant and equipment

| Figures in € | 2017 | | | 2016 (Restated) | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land | 1 810 885 | - | 1 810 885 | - | - | - |
| Buildings | 6 673 688 | (207 126) | 6 466 532 | 655 172 | (13 649) | 641 523 |
| Furniture and fixtures | 1 492 610 | (974 390) | 518 220 | 511 282 | (135 507) | 375 775 |
| Motor vehicles | 1 501 436 | (1 014 406) | 487 030 | 398 239 | (138 943) | 259 296 |
| Office equipment | 2 277 507 | (1 259 684) | 1 017 823 | 172 897 | (76 162) | 96 735 |
| IT equipment | 1 466 449 | (1 059 119) | 407 330 | 344 572 | (186 296) | 158 276 |
| Leasehold improvements | 1 121 468 | (800 720) | 320 748 | 379 293 | (223 482) | 155 811 |
| **Total** | **16 344 013** | **(5 315 445)** | **11 028 568** | **2 461 455** | **(774 039)** | **1 687 416** |

# Notes to the Consolidated Combined Financial statements.

## as at 30 June

### Reconciliation of property, plant and equipment - 2017

| Figures in € | Opening balance | Additions | Additions through business combinations | Disposals | Foreign exchange movements | Other changes, reclassifications | Depreciation | Interest capitalised | Total |
|---|---|---|---|---|---|---|---|---|---|
| Land | - | 1 240 422* | 614 163 | - | (44 390) | 690 | - | - | 1 810 885 |
| Buildings | 641 523 | 4 723 833* | 860 460 | - | 15 119 | - | (37 286) | 262 883 | 6 466 532 |
| Furniture and fixtures | 375 775 | 95 066 | 189 891 | (12 489) | 3 255 | 29 069 | (162 347) | - | 518 220 |
| Motor vehicles | 259 296 | 97 901 | 336 357 | (13 743) | (2 284) | - | (190 497) | - | 487 030 |
| Office equipment | 96 735 | 439 548 | 650 400 | (9 788) | (16 096) | 66 043 | (209 019) | - | 1 017 823 |
| IT equipment | 158 276 | 249 733 | 232 521 | (17 198) | (18 305) | 11 984 | (209 681) | - | 407 330 |
| Leasehold improvements | 155 811 | 162 576 | 321 936 | (79 893) | (5 124) | (107 786) | (126 772) | - | 320 748 |
| | **1 687 416** | **7 009 079** | **3 205 728** | **(133 111)** | **(67 825)** | **-** | **(935 602)** | **262 883** | **11 028 568** |

*During the current year an operational Head Quarter was acquired in South Africa through the asset acquisition of Lyngreen Properties (Pty) Ltd.

### Reconciliation of property, plant and equipment - 2016 (Restated)

| Figures in € | Opening balance | Additions | Disposals | Foreign exchange movements | Other changes, movements | Depreciation | Total |
|---|---|---|---|---|---|---|---|
| Buildings | - | 655 172 | - | 2 802 | - | (16 451) | 641 523 |
| Furniture and fixtures | 220 982 | 227 926 | (3 092) | (12 292) | 1 197 | (58 946) | 375 775 |
| Motor vehicles | 168 735 | 198 663 | (24 709) | (19 466) | - | (63 927) | 259 296 |
| Office equipment | 65 611 | 50 005 | (105) | 1 992 | - | (20 768) | 96 735 |
| IT equipment | 114 209 | 148 947 | (3 078) | (18 084) | (161) | (83 557) | 158 276 |
| Leasehold improvements | 150 678 | 148 343 | (2 435) | (26 839) | - | (113 936) | 155 811 |
| | **720 215** | **1 429 056** | **(33 419)** | **(71 887)** | **1 036** | **(357 585)** | **1 687 416** |

### Property, plant and equipment encumbered as security

Refer to note 18  for details of property, plant and equipment encumbered as security for finance lease borrowings.

## 6. Goodwill

| | 2017 | | | 2016 (Restated) | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated impairment | Carrying value | Cost | Accumulated impairment | Carrying value |
| Goodwill | 3 236 895 | (181 533) | 3 055 362 | 925 985 | (181 533) | 744 452 |

**Reconciliation of goodwill - 2017**

| | Opening balance | Additions through business combinations | Foreign exchange movements | Total |
|---|---|---|---|---|
| Goodwill | 744 452 | 2 243 632 | 67 278 | 3 055 362 |

Refer to Note 4 for detail on the newly acquired goodwill.

**Reconciliation of goodwill - 2016 (Restated)**

| | Opening balance | Foreign exchange movements | Total |
|---|---|---|---|
| Goodwill | 896 793 | (152 341) | 744 452 |

Cash generating units are defined as separate legal entities. The carrying value of goodwill reported is composed as follows:

| | Acquisition date | Carrying value 2017 | Carrying value 2016 |
|---|---|---|---|
| GetSure Botswana Proprietary Limited | 1 July 2013 | 36 520 | 36 521 |
| GetSure South Africa Proprietary Limited | 1 July 2014 | 241 402 | 220 451 |
| Komo Finance Proprietary Limited | 1 June 2015 | 533 808 | 487 480 |
| Fair Go Finance (Proprietary) Limited | 12 January 2017 | 2 243 632 | - |
| | | **3 055 362** | **744 452** |

The differences in the carrying value of goodwill between 2017 and 2016 relates to foreign exchange differences. Goodwill is tested for impairment annually. The following tables set out the key assumptions for the CGU's that have significant goodwill allocated to them.

| | 2017 | 2016 |
|---|---|---|
| **FairGo Finance (Proprietary) Limited** | | |
| Disbursement growth (%) | 5% | - |
| Operating cost to revenue ratio (%) | 62% | - |
| Revenue to disbursement (%) | 20 - 25% | - |
| Other income to revenue (%) | 8% | - |
| Discount rate (%) | 8.90% | |
| Dividend pay out ratio | 50% | |
| Long-term growth rate | 2.65% | |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

## 6. Goodwill (continued)

| | 2017 | 2016 |
|---|---|---|
| **Komo Finance Proprietary Limited** | | |
| Sales growth (% annual growth rate) | 9.0 | 19.0 |
| Revenue growth (% annual growth rate) | 9.0 | 16.0 |
| Operating costs (% inflation rate) | 9.0 | 1.0 |
| Net profit before tax (% annual growth) | 9.0 | 38.0 |
| Discount rate | 14.2 | 22.0 |

| | 2017 | 2016 |
|---|---|---|
| **GetSure South Africa Proprietary Limited** | | |
| Sales growth (% annual growth rate) | 9.0 | 8.0 |
| Revenue growth (% annual growth rate) | 9.0 | 8.0 |
| Operating costs (% inflation rate) | 9.0 | 12.0 |
| Net profit before tax (% annual growth) | 9.0 | 11.0 |
| Discount rate | 14.2 | 10.0 |

Management believes that any reasonable change in the key assumptions used in determining the recoverable amount of the entities would not result in the carrying amount exceeding the recoverable amount.

Management has determined the values assigned to each of the key assumptions as follows:

### Komo Finance and GetSure South Africa

**Sales growth:** Average annual growth rate over a three-year forecast period. Based on past performance and managements expectation of market developments.

**Revenue growth:** Average annual growth rate over a three-year forecast period. Based on past performance and considering the growth in the sales volumes.

**Operating costs:** Average annual costs over a three-year period. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost savings measures.

**Net profit before tax:** Average annual growth rate over a three-year forecast period. Based on past performance and managements expectation of market developments.

**Discount rate:** Based on management's expectation of the probability of default on the existing loan book. An additional risk premium has been brought into account, based on expected future market conditions.

### FairGo Finance

**Disbursement growth:** The 2018 disbursement growth is estimated at 50%, thereafter it normalises at 5% over a four year forecast period. These assumptions were made based on past performance and managements expectations of market developments.

**Operating cost to revenue:** Average annual cost as a fixed percentage of revenue over a five year period, based on past performance and managements expectations.

**Revenue to disbursement:** Average annual ratio over a five year period, as a percentage based on past performance and management expectations.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 6. Goodwill (continued)

**Other income to revenue:** Average annual ratio over a five year forecast period. Based on past performance and managements expectations of market developments.
**Discount rate:** Is based on cost of equity.
**Dividend pay out ratio:** Relates to the % of profits to be distributed for each of the five years.
**Long-term growth rate:** The long term growth rate is a reflection of the local Australian inflation rate for the five year forecast period.

Management has reviewed the recoverability by applying the value-in-use calculations. The value-in-use calculations have made use of pre-tax cash flow projections based on financial budgets approved by management.

### 7. Intangible assets

| | 2017 | | | 2016 (Restated) | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Trademarks | 1 692 537 | (90 672) | 1 601 865 | - | - | - |
| Computer software, internally generated | 3 418 534 | (1 268 261) | 2 150 273 | 2 051 978 | (505 167) | 1 546 811 |
| Computer software, other | 926 937 | (728 860) | 198 077 | 159 674 | (42 662) | 117 012 |
| Customer relationships | 2 874 051 | (649 277) | 2 224 774 | 1 115 882 | (378 801) | 737 081 |
| Core deposits | 85 237 | (31 964) | 53 273 | - | - | - |
| **Total** | **8 998 177** | **(2 769 915)** | **6 228 262** | **3 327 534** | **(926 630)** | **2 400 904** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 7. Intangible assets (continued)

#### Reconciliation of intangible assets - 2017

| | Opening balance | Additions | Additions through business combinations | Disposals | Foreign exchange movements | Other changes, movements | Amortisation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Figures in €** | | | | | | | | | |
| Trademarks | - | 1 692 537 | - | - | - | - | (90 672) | - | 1 601 865 |
| Computer software, internally generated | 1 546 811 | 991 515 | 247 685 | (32 455) | 23 632 | (32 010) | (594 905) | - | 2 150 273 |
| Computer software, other | 117 012 | 9 457 | 167 293 | (17 985) | 1 776 | 32 010 | (70 592) | (40 894) | 198 077 |
| Customer relationships | 737 081 | - | 1 701 790 | - | 68 319 | - | (282 416) | - | 2 224 774 |
| Core deposits | - | - | 85 237 | - | - | - | (31 964) | - | 53 273 |
| | **2 400 904** | **2 693 509** | **2 202 005** | **(50 440)** | **93 727** | **-** | **(1 070 549)** | **(40 894)** | **6 228 262** |
| Note | | 13 | 4 | | | | | | |

#### Reconciliation of intangible assets - 2016 (Restated)

| | Opening balance | Additions | Foreign exchange movements | Amortisation | Total |
|---|---|---|---|---|---|
| **Figures in €** | | | | | |
| Computer software, internally generated | 1 169 636 | 573 839 | (27 555) | (169 109) | 1 546 811 |
| Computer software, other | 55 905 | 107 573 | (8 063) | (38 403) | 117 012 |
| Customer relationships | 1 214 412 | - | (279 902) | (197 429) | 737 081 |
| | **2 439 953** | **681 412** | **(315 520)** | **(404 941)** | **2 400 904** |

#### Impairment of intangible assets

The intangible assets were assessed to establish whether there were indicators of impairment. Software was impaired during the year for a computer software program that was deemed redundant.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|
| **8. Loans to (from) shareholders** | | |
| **Brainworks Capital Management Limited (Mauritius)** | - | 201 705 |
| The loan is unsecured and bears interest at 14,5% per annum. There are no fixed terms of repayment. | | |
| **Ecsponent Projects (Proprietary) Limited** | - | 1 622 802 |
| The loan is unsecured and bears interest at 37% per annum. The loan was repaid in November 2016. | | |
| **Sunblaze Investment Holdings Limited** | (559 347) | (779 239) |
| The loan is unsecured and bears interest at 14,5% per annum. There are no fixed terms of repayment. | | |
| **Tailored Investments Limited** | | |
| The loan is unsecured and bears interest at 14,5% per annum. There are no fixed terms of repayment. | (414 653) | (3 602 561) |
| The loan bears interest at 8.5% and was converted into Vienna bonds during July 2017. These bonds are payable on 11 April 2020. Discount of 15% were given on this bond conversion. | (3 800 000) | - |
| **Aeneas Holdings AG** | - | (1 153 110) |
| The loan is secured, bears interest at 14,5% per annum and was repaid in October 2016. | | |
| | **(4 774 000)** | **(3 710 403)** |
| Current assets | - | 201 705 |
| Non-current assets | - | 1 622 802 |
| Current liabilities | (4 774 000) | (5 534 910) |
| | **(4 774 000)** | **(3 710 403)** |

**Credit quality of loans**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

The company does not hold any collateral as security.

The fair value of the loans are disclosed in note 34.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|

### 9. Loans to/(from) related parties

| | 2017 € | 2016 € |
|---|---|---|
| **Ecsponent Capital (RF) Limited** | - | 1 273 530 |
| The loan is unsecured, bears interest at prime rate in South Africa plus 2% and was repaid in full. | | |
| **FairGo Finance - Stella LR Grp** | 456 305 | - |
| This loan bears interest at 5% and is repayable in December 2022. | | |
| **SureChoice** | 4 372 429 | - |
| This loan bears interest at 28% and has a 36 month term. | | |
| **Escponent Capital (SARB)** | 1 697 161 | - |
| The loan bears interest at 28% and is repayable on 25 April 2019. | | |
| **Serengeti Capital Limited** | 91 349 | 104 593 |
| The loan is unsecured, bears no interest and has no fixed terms of repayment. | | |
| **Michael Hodgkiss** | 16 318 | 16 504 |
| The loan is unsecured and bears no interest. The loan will be repaid when dividends are declared in Malawi. The dividend payable to Mike Hodgkiss will be used to settle the loan. | | |
| **Botswana Teachers Union** | 250 088 | 496 493 |
| The loan is unsecured, bears interest at the prime rate in Botswana and has no fixed terms of repayment. | | |
| **MHMK** | 3 229 942 | - |
| Mature on 31 December 2017 and bears interest at 7.5% | | |
| **Brainworks Capital Management Limited (Zimbabwe)** | 2 671 226 | 2 362 760 |
| The loan was unsecured with no fixed repayment term and bore interest at 18% per annum. | | |
| **Brainworks Capital Management Limited (Equatorial Guinea)** | 67 410 | 48 512 |
| The loan is unsecured and bears no interest. There are no fixed terms of repayment. | | |
| **Brainworks Capital Management (Mauritius)** | 319 596 | - |
| The loan is unsecured and bears interest at 25% per annum. There are no fixed terms of repayment. | | |
| **Vanguard Holdings (Limited)** | (6 382) | (70 426) |
| The loan is unsecured and bears interest at 14.5% per annum. There are no fixed terms of repayment. | | |
| **RBC CEES Trustee Limited** | (13 165 515) | (13 771 196) |
| The first portion of the loan €4 376 521 (€4 597 425) is secured, bears interest at 25% per annum and is repayable by 30 September 2017. The second portion of the loan €8 788 994 (€9 173 771) is secured, bears interest at 22,5% per annum and is repayable by 31 December 2024. | | |
| **Wheatfields (Proprietary) Limited** | (282 461) | (206 645) |
| The loan is unsecured, bears interest at 14.5% per annum and has no fixed terms of repayment. | | |
| **Ecsponent Projects (Proprietary) Limited** | 2 270 358 | - |
| The loan is unsecured, bears interest at 28% per annum with the repayment date of 10 November 2017. | | |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|
| **9. Loans to/(from) related parties (continued)** | | |
| **Carcharias Holdings** | (51 987) | (500 226) |
| The loan bears interest at 12% per annum and the maturity date 7 July 2017. | | |
| **Ecsponent Credit Services (Pty) Ltd South Africa** | (1 434 645) | (2 032 196) |
| The loan facility is drawn on variable dates. The facility bears interest at 30% per annum. This is a rolling facility and the debt must not be greater than 90 days. | | |
| **Ecsponent Credit Services (Proprietary) Limited** | - | (157 170) |
| This amount was owed by GetBucks South Africa for the purchase of the Komo Finance loan book. GetBucks South Africa has ceded and pledged its debtors book to continually cover the value of one and a half times the purchase price (€3 172 296) as security. The loan bears interest at 11% per annum and was repaid in full on 4 July 2016. | | |
| **Opportunity Transformation (Uganda)** | (134 770) | - |
| The loan is repayable in two installments, the first,an amount of €41 222 bearing interest at 0% and repayable on 1 August 2018, and the second an amount of €93 548 bearing interest at 2% repayable on 1 March 2019. | | |
| **Brideport 089** | (500 478) | - |
| The loan is interest free, with no fixed repayment terms. | | |
| **Escalator Investments (Zambia)** | (172 314) | (358 404) |
| The loan is unsecured, bears interest at 30% per annum and has no fixed terms of repayment. | | |
| **Ecsponent Credit Services (Proprietary) Limited South Africa** | (14 279 322) | (3 099 753) |
| The loan is unsecured, bears interest at 28% per annum and has no fixed terms of repayment. | | |
| **Escalator Investments (Swaziland)** | (6 334 342) | (1 216 514) |
| The loan is unsecured, bears interest at 30% per annum and has no fixed terms of repayment. | | |
| **Opportunity International (Tanzania)** | (356 327) | - |
| The loan is interest free and is repayable in April 2018. | | |
| **Opportunity International (Kenya)** | (236 078) | - |
| The loan bears 10% interest and is repayable in April 2018. | | |
| **Ecsponent Treasury** | (217 590) | - |
| This is an upfront restructuring fee which will realise over 48 months. | | |
| | **(21 730 029)** | **(17 110 138)** |
| Current assets | 10 204 601 | 3 013 550 |
| Non-current assets | 5 237 581 | 1 288 842 |
| Current liabilities | (10 348 630) | (7 641 334) |
| Non-current liabilities | (26 823 581) | (13 771 196) |
| | **(21 730 029)** | **(17 110 138)** |

**Credit quality of loans to related parties**
None of the related party loans are past due and no objective evidence of impairment of any of the loans have been identified. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

**Fair value of loans to and from related parties.**
Included in Note 34 are fair value disclosures of these loans.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

## 10. Other financial assets

| | 2017<br>€ | 2016<br>€ |
|---|---|---|
| **Loan and receivables** | | |
| **MEWUSA** | - | 6 056 |
| The loan is unsecured and bears interest at 24% per annum. | | |
| The loan was settled on 7 August 2016. | | |
| **Chromium Trading (Proprietary) Limited** | - | 101 505 |
| The loan is unsecured and bears interest at 44% per annum. | | |
| The loan was settled on 23 August 2016. | | |
| **Virtual Shared Services (Proprietary) Limited** | - | 339 031 |
| The loan is unsecured and bears interest at 17% per annum. | | |
| The loan was settled on 30 November 2016. | | |
| **Sweet Micro Finance** | 57 497 | - |
| This loan is unsecured, has no fixed terms of repayment and bears interest at 6.5%. | | |
| **Rockcastle Commodities** | 209 564 | - |
| The loan is unsecured and bears interest at 24% per annum. This facility was restructured to be repaid on 31 December 2017. | | |
| **Fintech Campus** | 135 473 | - |
| This loan is unsecured, bears interest at 10% per annum and is repayable in full on 31 March 2018. | | |
| **Zane Kuttner** | 81 587 | - |
| This loan is unsecured, bears interest at 17% per annum and is repayable in full on 30 April 2018. | | |
| | **484 121** | **446 592** |

| | 2017<br>€ | 2016<br>€ |
|---|---|---|
| **Classification of other financial assets** | | |
| Current | 484 121 | 446 592 |
| Non-current | - | - |
| | **484 121** | **446 592** |

| | 2017 € | 2016 € |
|---|---|---|

## 11. Deferred tax

| | | |
|---|---|---|
| Deferred tax asset | 2 374 348 | 3 410 442 |
| Deferred tax liability | (67 860) | (15 321) |
| **Total net deferred tax asset** | **2 306 488** | **3 395 121** |

The deferred tax assets and liabilities will be recovered in more than twelve months.

| | | |
|---|---|---|
| **Reconciliation of deferred tax asset / (liability)** | | |
| Balance at beginning of year | 3 395 121 | 1 320 523 |
| (Decrease)/increases in tax loss available for set off against future taxable income | (1 041 509) | 827 981 |
| Originating and reversing temporary differences - other | (486 930) | 14 676 |
| Originating and reversing temporary differences on loan book impairments | 262 060 | 1 143 017 |
| Foreign exchange movements | 175 790 | (136 628) |
| Originating and reversing temporary differences on unrealised expenses | 143 824 | 225 552 |
| Balance arising from acquisitions | (141 868) | - |
| **Closing balance** | **2 306 488** | **3 395 121** |

### Recognition of deferred tax asset

Deferred tax assets are recognised for tax losses that are carried forward to the extent that the realisation of the related tax benefit through future taxable profit is probable. The group did not recognise deferred tax assets of €2 990 081 (2016: €1 006 588) in respect of losses amounting to €11 424 611 (2016: €6 161 879) that can be carried forward against future taxable income.

The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries. MyBucks expects its group companies to evolve similar to its operations in Botswana and Zimbabwe, increasing the underlying profitability on the back of scale efficiencies and thus generate excess profits. These excess profits will allow the group to benefit from the deferred tax assets generated by offsetting the losses incurred to date against future taxable income.

### Expiry of assessed losses on which deferred tax assets have been raised:

**Botswana (Cash Corp (Proprietary) Limited)** - A deferred tax asset of €63 554 (2016: €128 957) was raised on accumulated tax losses. Assessed losses can be carried over for a period of 5 years. The deferred tax asset will expire in 2022.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 11. Deferred tax (Continued)

**South Africa** - A deferred tax asset of €231 330 (2016: €720 80) was raised on accumulated tax losses. Assessed losses do not expire in South Africa.

| | 2017<br>€ | 2016<br>€ |
|---|---|---|
| **Utilisation of deferred tax asset** | | |
| Opening balance | 3 395 121 | 1 320 523 |
| Deferred tax assets recognised/(reversed)/(utilised) | (1 122 484) | 2 211 227 |
| Acquired through business combination | (141 868) | - |
| Foreign exchange movements | 175 719 | (136 629) |
| | **2 306 488** | **3 395 121** |

### 12. Loan Book

| | | |
|---|---|---|
| Loan advances | 85 837 293 | 50 307 053 |
| Provision for impairment on loan book | (17 310 365) | (11 508 450) |
| | **68 526 928** | **38 798 603** |
| **Current and non-current portion of loan book** | | |
| Current portion | 45 742 325 | 24 342 406 |
| Non-current portion | 22 784 603 | 14 456 197 |
| | **68 526 928** | **38 798 603** |
| **Reconciliation of provision for impairment of loan book** | | |
| Opening balance | 11 508 450 | 5 596 017 |
| Amounts written off as uncollectable | (6 826 209) | (3 158 876) |
| Additional impairment recognised | 8 857 289 | 9 667 855 |
| Foreign currency translation impact | (118 787) | (596 546) |
| Acquired through business combinations | 3 889 622 | - |
| **Closing balance** | **17 310 365** | **11 508 450** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 (Restated) € |
|---|---|---|

### 13. Trade and other receivables

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| Prepayments | 5 162 913 | 1 052 509 |
| Deposits | 201 621 | 118 433 |
| Insurance Receivable | 386 490 | 278 986 |
| Government payroll receivable | 4 042 552 | 4 888 505 |
| Vendor finance receivable | 1 205 | 1 834 |
| Indirect taxes | 2 047 439 | 374 089 |
| Short-term deposits | 19 067 384 | 5 019 560 |
| Other receivables | 2 812 692 | 585 079 |
| | **33 722 296** | **12 318 995** |

During the 2017 financial year amounts totaling €473 064 (2016: Nil) were impaired based on annual impairment testing performed.

**Brands/Trademarks acquired:**
The group entered into an agreement with Opportunity International Inc., an associated company, for the rights to use the brand name "Opportunity" for a period of 14 years and for financing commitments for the next five years. 250,000 shares were issued as consideration at the market value of €18.90 per share. Through this agreement the following was acquired:

| | |
|---|---|
| Trademark asset (Note 7) | 1 692 537 |
| Prepayment on network fees (Included in prepayments) | 197 463 |
| Prepayment on fund raising fees (Included in prepayments) | 2 835 000 |
| | **4 725 000** |

The network fees prepayment will be realised over a period of 14 years.
Of the 250 000 shares issued, 150 000 shares related solely to the prepaid funding costs. The prepaid funding cost represents a commitment from Opportunity International Inc. whereby Opportunity International Inc. has committed secure financing facilities amounting to USD 30 million for the group over the period of five years subject to yearly milestones. Failing to do so would result in the group calling the shares back. The table below specifies the specific milestones and the shares associated with them:

| Period | | Funds raised | Claw back shares |
|---|---|---|---|
| Year 1 | 11-Oct-17 | USD 3 million | 15 000 |
| Year 2 | 11-Oct-18 | USD 5 million | 25 000 |
| Year 3 | 11-Oct-19 | USD 7 million | 35 000 |
| Year 4 | 11-Oct-20 | USD 8 million | 40 000 |
| Year 5 | 11-Oct-21 | USD 7 million | 35 000 |
| | | **USD 30 million** | **150 000** |

The first portion of funds was not raised by 11 October 2017. The option to retract the shares issued will be proposed for approval at the Annual General Meeting.

**Short-term deposits**
The short-term cash deposits are held as security in relation to local overdraft facilities and bank borrowings for various subsidiaries within the group. The deposits are pledged until the maturity of the respective borrowings. The contractual maturity of these short-term deposits does not always match the maturity period of the loan for which the deposit has been pledged as security. The loans are, however encumbered and as such will continue to serve as security for this specific borrowings for which they have been pledged.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

## 14. Current tax (payable)/receivable

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| **Net tax (payable)/receivable** | | |
| Taxation paid in advance | 782 115 | 483 310 |
| Taxation due | (1 282 512) | (1 448 373) |
| | **(500 397)** | **(965 063)** |
| Opening balance | (965 063) | (412 940) |
| Income taxation charged for the year | (2 759 382) | (2 829 616) |
| Taxation paid | 3 211 401 | 2 944 444 |
| Acquired through business combination | 209 916 | - |
| Other adjustments | (197 269) | (666 951) |
| **Tax payable** | **(500 397)** | **(965 063)** |

## 15. Cash and cash equivalents

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| Cash and cash equivalents consist of: | | |
| Bank balances | 13 912 638 | 18 850 728 |
| Cash on hand | - | 53 641 |
| Cash in transit | 1 137 898 | - |
| Bank overdraft | (4 366 968) | (5 125 469) |
| | **10 683 568** | **13 778 900** |
| Current assets | 15 050 536 | 18 904 369 |
| Current liabilities | (4 366 968) | (5 125 469) |
| | **10 683 568** | **13 778 900** |

Cash and cash equivalents include €2 529 960 (2016: €4 205 439) held by various subsidiaries in the group that operate in jurisdictions where exchange control restrictions prevent immediate flow of those balances being available for general use by the group.

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| **Cash and cash equivalents pledged as collateral** | | |
| The cash is held as security for the overdraft facility | 6 496 632 | - |

The restricted cash deposits are held as security in relation to local overdraft facilities for subsidiaries within the group. The cash is pledged until the maturity of the respective overdraft. The contractual maturity of this cash does not always match the maturity period of the loan for which the deposit has been pledged as security.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 16. Share capital, share premium and reserves

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| **Share capital** | | |
| **Authorised** | | |
| 15 998 000 ordinary par value shares | 15 998 000 | 15 998 000 |
| | | |
| **Reconciliation of number of shares issued:** | | |
| Opening balance | 10 998 000 | - |
| Issue of shares - ordinary shares | 667 612 | 10 998 000 |
| | **11 665 612** | **10 998 000** |
| | | |
| **Issued** | | |
| 11 665 612 (2016: 10 998 000) par value shares of €1 each, fully paid | **11 665 612** | **10 998 000** |
| | | |
| **Share premium** | | |
| Opening balance | 8 413 279 | - |
| Share premium raised on public offering | - | 12 500 000 |
| Initial public offering costs | - | (4 086 721) |
| Share premium raised on shares issued in 2017 | 10 935 469 | - |
| | **19 348 748** | **8 413 279** |

The current year share premium increase is the result of the shares issued for consideration of the Opportunity entities (Refer note 4), FairGo Finance (Refer note 4), the Trademark (Refer note 13) and the Greenshoe Share options that were exercised.

**Retained earnings**

On 15 January 2016, the Zimbabwe operations successfully listed its shares on the Zimbabwe stock EXCHANGE (ZSE). The company raised a total amount of €2 932 417 through the subscription of 93 567 251 ordinary shares at a subscription price of €0.0313 per share and a nominal value of €0.0031 per share. This resulted in share premium of €2 642 588 being generated out of which €2 332 452 is attributable to owners of the parent and €310 136 has been allocated to the Non-controlling interest representing the change in holding.

During 2017 a number of transactions with minority shareholders resulted in the increase in the group shareholding in subsidiaries. This resulted in a change of €1 001 444 in equity for the current year. The majority of the amount relates to the increase in the Swaziland shareholding.

**Non-Controlling Interest**

In April 2017, Fair Go Finance (Pty) Ltd the shareholders invested additional funds into Fair Go Finance (Pty) Ltd at the respective percentages held. The increase resulted €1.8 million (AUD 2.7million) from all shareholders. The portion contributed by the minority shareholders amounted to €368 183.

## 16. Share capital, share premium and reserves (continued)

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| **Other reserves** | | |
| **Foreign currency translation reserve** | | |
| Opening balance | (2 802 986) | 1 134 632 |
| Exchange differences on translating foreign operations | 80 455 | (3 937 618) |
| Recycled through profit and loss | 1 239 363 | - |
| Closing balance | **(1 483 168)** | **(2 802 986)** |
| **Other reserves consists of:** | | |
| Cash flow hedge reserve | - | 59 601 |
| Special reserve | (2 302 474) | (2 302 474) |
| Share based payment reserve | 1 027 711 | 381 786 |
| | **(1 274 763)** | **(1 861 087)** |

### Special reserve
The debited amount of €2 302 474 in 2016 relates to the adjustment due to the use of predecessor accounting when contributing both sub groups and relates to the difference between value of the contribution and the predecessor value.

### Share based payment reserve
During the period under review €645 925 were recognised as share based payment expenses. (Refer to note 35)

### Cash flow hedge reserve
The cash flow hedge reserve associated with derivatives realised during the year, through other comprehensive income as the hedged item matured on 3 February 2017.

## 17. Other financial liabilities

| | 2017 € | 2016 € |
|---|---|---|
| **Held at amortised cost** | | |
| **Cost Lean Investments** | 259 122 | 196 731 |
| This loan is unsecured and bears interest at 24% per annum. Interest is paid monthly and the loan will mature on 1 September 2018. | | |
| **Bank of Gaborone** | 447 350 | 680 061 |
| Secured mortgage bond with a period of 180 months with the last repayment date being 1 September 2030. The loan bears interest at the Botswana prime rate plus 3%. | | |
| **Comarton U. G. P. F** | 4 807 308 | 5 148 436 |
| This liability consists of various promissory notes. Interest is charged at 11% per annum. Maturity ranges from 6 to 36 months and the last note is repayable on 31 October 2019. | | |
| **Vienna bonds** | | |
| Bonds are listed on the Vienna Stock exchange, bearing interest at 11% per annum and are repayable after 36 months. The amount was repaid on 3 February 2017. These bonds were issued through a subsidiary in Austria. | - | 5 126 150 |
| Bonds are listed on the Vienna Stock exchange, bearing interest at 8.5% per annum and are repayable after 36 months. Refer to note 35 for breach of convenants. These bonds were issued through MyBucks S.A. The bonds were issued mainly during April 2017. The bonds were issued at various discount rates with a total expense of €66 000. | 3 768 770 | - |
| **TLG Capital** | 3 063 564 | 917 233 |
| The loan is secured and carries an interest rate of 20%. Maturity date is 1 February 2021. Refer to note 35 for breach of covenants. | | |
| **TLG Capital** | 2 201 344 | 2 238 078 |
| The loan is secured and carries an interest rate of 7%. This was repaid on 26 September 2017. Refer to note 35 for breach of covenants. | | |
| **TLG Capital** | 2 131 452 | 2 251 659 |
| The loan is secured and carries an interest rate of 15%. This was repaid on 26 September 2017. Refer to note 35 for breach of covenants. | | |
| **TLG Capital** | 19 357 | 2 251 800 |
| The loan is secured and carries an interest rate of 7%. The loan was repaid on 18 July 2017. Refer to note 35 for breach of covenants. | | |
| **Capital bank** | 2 144 298 | - |
| Secured loan with an interest rate of 17% and monthly repayments of interest and capital over a 36 month term. Matures on 23 February 2020. | | |
| **G & J Deane** | 1 446 905 | - |
| Unsecured loan with an interest rate of 12%, maturing on 31 December 2018. | | |
| **J & W Thorpe** | 311 231 | - |
| Unsecured loan with an interest rate of 12%, maturing on 31 December 2018. | | |
| **Walshe Capital PL atf Love Holdings Trust** | 192 991 | - |
| Unsecured loan with an interest rate of 12%, maturing on 31 December 2018. | | |
| **Alexander Funds Management** | 2 018 938 | - |
| The loan is a 24 month secured loan with interest paid monthly at the Australian Bank Bill swap rate reference rate plus 3%. The full capital amount is repayable on 30 June 2019. | | |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 17. Other financial liabilities (continued)

| | 2017<br>€ | 2016<br>€ |
|---|---|---|
| **Zane Kuttner** | 275 729 | - |
| Unsecured loan with a 14% interest rate and is payable on 19 February 2018. | | |
| **Golo Quandt** | 414 304 | - |
| Unsecured loan with an interest rate of 9% and a six month maturity. The loan is repayable in two installments in March and June 2018. | | |
| **Micro Finance Zambia Limited** | 889 129 | - |
| Secured loan with a 30% interest rate and a one year maturity. Loan was repaid on 27 July 2017. | | |
| **Nedbank Bond** | 3 298 541 | - |
| Secured bond with an interest rate of South African prime minus 1% and a maturity of 10 years. Monthly payments of capital and interest to be made over the term of the loan with a six percent annual escalation in the payment amount. | | |
| **L F Rehrl** | 91 629 | 33 607 |
| The loan is unsecured, bears interest at 10% per annum and has no fixed terms of repayment. | | |
| **Opportunity International Bank Malawi** | 40 227 | 104 924 |
| Secured six month loan with a 33% interest rate, repaid on 30 August 2017. | | |
| **J Bethel** | 1 668 133 | 1 373 591 |
| Unsecured 7 month loan with a 20% interest rate. The loan was repaid in January 2018. | | |
| **Al Shams Global Limited** | - | 4 615 739 |
| Secured loan with a 30% interest rate, interest is repaid monthly. The loan was settled in July 2016. | | |
| **DBF Capital Partners Limited** | 1 369 577 | 1 831 464 |
| Secured loan with 28% interest rate (2016: 20%). The loan will be repaid on 31 December 2018. | | |
| **Everprosperous** | 11 470 446 | - |
| Secured loan with a one year term and an interest rate of 29%, repayable on 31 July 2017. This facility was renegotiated subsequent to year end and is now payable on 31 March 2019. | | |
| **CFC Stanbic** | 3 902 137 | - |
| This loan is secured and has a one year maturity. Interest is charged at the CBR rate plus 4%. | | |
| **BIW AG** | 7 366 341 | - |
| Secured loan with a 7% interest rate, this facility is being renegotiated to a 3 year loan. The original maturity was 16 November 2017. | | |
| **CRDB Bank** | 393 838 | - |
| Secured loan with a 13% interest rate and a one year maturity. This loan was repaid in full by December 2017. | | |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|

### 17. Other financial liabilities (continued)

| | 2017 € | 2016 € |
|---|---|---|
| **S Crawforth** | 28 298 | - |
| Secured loan with 17% interest rate and a three year maturity. Repayment date is 1 March 2020. | | |
| **Botswana bond program** | 6 194 711 | - |
| Secured bonds with a 18% interest rate and a term of 54 months. Matures on 31 December 2021. | | |
| **Stromme Microfinance** | 861 564 | - |
| Secured loan with a 18% interest rate and a 3 year term. Repayments are made in eight installments over the term of the loan. The final installment is due on 17 February 2019. | | |
| **Finance Building Society** | 952 978 | - |
| Secured loan with an interest rate of 30% and a one year term, maturing on 31 July 2017. Subsequent to year end, this converted to a rolling facility. | | |
| **Leasing Finance Company Limited** | 266 296 | - |
| Secured loan with an 18% interest rate and a one year term, this loan was repaid on 18 September 2017. | | |
| **FARE II** | 682 356 | - |
| Unsecured loan with an interest rate of 19%. Capital and interest payable in 48 monthly instalments over the term of the loan, which matures on 2 February 2018. | | |
| **Cordaid** | 168 562 | - |
| Unsecured loan with an interest rate of 16% and a six month maturity. The loan was repaid on 6 September 2017. | | |
| **Other** | | |
| This loan bears interest at 8.5% and was converted to Vienna bonds in July 2017. | 249 179 | - |
| | **63 396 605** | **26 769 481** |
| Current | 43 957 753 | 26 142 997 |
| Non current | 19 438 852 | 626 484 |
| **Total** | **63 396 605** | **26 769 481** |

All other financial liabilities are carried at amortised cost. The carrying values of the financial liabilities approximate the fair value.

-

|  | 2017 € | 2016 € |
|---|---|---|

## 18. Finance lease liabilities

| | 2017 € | 2016 € |
|---|---|---|
| **Minimum lease payments due** | | |
| - within one year | 57 732 | 46 298 |
| - in second to fifth year inclusive | 120 254 | 127 836 |
| | 177 986 | 174 134 |
| less: future finance charges | (34 650) | (40 518) |
| **Present value of minimum lease payments** | **143 336** | **133 616** |
| | | |
| **Present value of minimum lease payments due** | | |
| - within one year (current) | 40 868 | 28 730 |
| - in second to fifth year inclusive (non-current) | 102 468 | 104 886 |
| | **143 336** | **133 616** |

It is company policy to lease certain motor vehicles under finance leases. The carrying value of the vehicles is equal to the amount due. The average lease term was 3-5 years and the average effective borrowing rate was 11% (2016: 11%) Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 19. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

**Financial Assets**

| 2017 | Loans and receivables | Total |
|---|---|---|
| Loans to other related parties | 15 442 182 | 15 442 182 |
| Loan book | 68 526 928 | 68 526 928 |
| Trade and other receivables | 26 511 944 | 26 511 944 |
| Other financial assets | 484 121 | 484 121 |
| Cash and cash equivalents | 15 050 536 | 15 050 536 |
| | **126 015 711** | **126 015 711** |

| 2016 | Loans and receivables | Total |
|---|---|---|
| Loans to other related parties | 4 303 392 | 4 303 392 |
| Loans to shareholders | 1 842 507 | 1 842 507 |
| Loan book | 38 798 603 | 38 798 603 |
| Trade and other receivables | 10 892 397 | 10 892 397 |
| Other financial asset | 446 592 | 446 592 |
| Cash and cash equivalents | 18 904 369 | 18 904 369 |
| | **75 187 860** | **75 187 860** |

**Financial Liabilities**

| 2017 | Financial liabilities at amortised cost | Total |
|---|---|---|
| Loans from other related parties | 37 172 211 | 37 172 211 |
| Loans from shareholders | 4 774 000 | 4 774 000 |
| Finance lease liabilities | 143 336 | 143 336 |
| Other financial liabilities | 63 396 605 | 63 396 605 |
| Trade and other payables | 9 814 130 | 9 814 130 |
| Bank overdraft | 4 366 968 | 4 366 968 |
| Deposits from customers | 11 493 563 | 11 493 563 |
| | **131 160 813** | **131 160 813** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 19. Financial instruments by category (continued)

| 2016 | Financial liabilities at amortised cost | Fair value through profit or loss | Total |
|---|---|---|---|
| Loans from other related parties | 21 412 530 | - | 21 412 530 |
| Loans from shareholders | 5 534 910 | - | 5 534 910 |
| Finance lease liabilities | 133 616 | - | 133 616 |
| Other financial liabilities | 26 769 481 | - | 26 769 481 |
| Trade and other payables | 5 894 322 | - | 5 894 322 |
| Bank overdraft | 5 125 469 | - | 5 125 469 |
| Deposits from customers | 388 816 | - | 388 816 |
| Derivative financial instruments | - | 341 109 | 341 109 |
| | **65 259 144** | **341 109** | **65 600 253** |

### 20. Derivative financial instruments

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. The derivative liability in the prior year relates to a forward foreign exchange contract that was taken out to hedge highly probable forecast transactions denominated in Euro. The notional principle amount of the outstanding forward foreign exchange contract as at 30 June 2016 was €6 393 977. The instrument matured on 3 February 2017.

| | 2017 € | 2016 € |
|---|---|---|
| **Reconciliation of fair value and net carrying amount of derivative financial instruments** | | |
| Opening balance | 341 109 | 316 358 |
| Fair value movement | 137 895 | 24 751 |
| Less: Settled margin calls deposits | (479 004) | - |
| **Carrying amount** | **-** | **341 109** |

The hedging reserve is used to record gains and losses on derivatives that are designated and qualify as cash flow hedges and are recognised in other comprehensive income. Amounts are reclassified to profit and loss when the associated hedged transaction affects profit and loss.

**Swap agreement**

Foreign currency swap options were entered into with First National Bank of Zambia by GetBucks Zambia.

Refer to note 35 for further details.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017<br>€ | 2016<br>(Restated)<br>€ |
|---|---|---|

## 21. Trade and other payables

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| Trade payables | 3 699 266 | 1 756 229 |
| Sundry accruals | 4 595 741 | 4 138 093 |
| Customer loan collateral | 1 519 123 | - |
| Indirect taxes | 1 715 672 | 1 153 741 |
| | **11 529 802** | **7 048 063** |

## 22. Deferred grant income

| 2017 | Acquired through business combination | Grants received | Other movement | Grants realised in profit and loss | Foreign exchange impact | Carrying value at end of year |
|---|---|---|---|---|---|---|
| **Mozambique** | 59 744 | 877 965 | - | (649 024) | 35 332 | 324 017 |
| **Uganda** | 2 354 544 | 90 369 | (252 791) | (722 144) | (118 106) | 1 351 872 |
| **Tanzania** | 496 335 | 155 190 | - | (312 661) | (14 328) | 324 536 |
| **Kenya** | 154 355 | 134 316 | - | (41 937) | (12 925) | 233 809 |
| | **3 064 978** | **1 257 840** | **(252 791)** | **(1 725 766)** | **(110 027)** | **2 234 234** |

| | |
|---|---|
| **Current** | 2 054 696 |
| **Non-current** | 179 538 |
| | **2 234 234** |

| | 2017 € | 2016 € |
|---|---|---|

## 23. Deposits from customers

Deposits from customers relate to banking operations and are primarily composed of amounts payable on demand.

| | 2017 € | 2016 € |
|---|---|---|
| **Large corporate customers** | | |
| Term deposit | 1 367 314 | - |
| Current account | 423 167 | - |
| | **1 790 481** | **-** |
| **Small medium customers** | | |
| Term deposit | 1 096 912 | 212 878 |
| Current account | 183 959 | 158 780 |
| | **1 280 871** | **371 658** |
| **Retail customers** | | |
| Term deposit | 1 287 669 | - |
| Current account | 6 888 281 | 17 159 |
| Interest payable | 246 261 | - |
| | **8 422 211** | **17 159** |
| **Deposits held** | | |
| Current | 11 310 110 | 318 709 |
| Non-current | 183 453 | 70 107 |
| | **11 493 563** | **388 816** |

## 24. Revenue

| | 2017 € | 2016 € |
|---|---|---|
| Interest Income | 42 335 262 | 28 104 947 |
| Fee income | 7 982 722 | 5 922 323 |
| Commission on insurance policies | 3 455 420 | 2 222 604 |
| | **53 773 404** | **36 249 874** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 25. Loan impairments

| | 2017 € | 2016 € |
|---|---|---|
| Additional provision charge | 8 857 289 | 6 749 063 |
| Direct loan write offs | 3 182 447 | - |
| | **12 039 736** | **6 749 063** |

### 26. Other income

| | 2017 € | 2016 € |
|---|---|---|
| Gain on bargain purchase in a business combination * | 2 850 600 | - |
| Grant income ** | 1 725 766 | - |
| Bad debts recovered | 565 984 | 190 064 |
| Other income | 1 049 348 | 439 104 |
| | **6 191 698** | **629 168** |

* For information on the gain on bargain purchase refer to Note 4.
** The grant income realised during the 2017 financial year refers to grants received by the Opportunity International entities. These grants are received to decrease the cost on specific product offerings to customers. Refer to Note 22.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

27. Operating expenses

Operating profit for the year is stated after charging (crediting) the following, amongst others:

| | 2017 € | 2016 € |
|---|---|---|
| **Operating expenses** | | |
| Accommodation | 227 891 | 231 397 |
| Advertising | 1 317 831 | 1 595 859 |
| Collection costs | 2 734 425 | 1 436 145 |
| Computer expenses | 754 295 | 254 756 |
| Lease expenses | 1 691 830 | 703 640 |
| Motor vehicle expenses | 169 242 | 88 981 |
| Municipal expenses | 226 935 | 60 224 |
| General office expenses | 497 237 | 216 561 |
| Repairs and maintenance | 345 897 | 116 096 |
| Security | 134 024 | 52 296 |
| Shared service expenses | 480 631 | 436 018 |
| Recruitment costs | 192 524 | 148 940 |
| Staff wellfare | 442 434 | 125 961 |
| Subscriptions and licence fee's | 598 054 | 171 138 |
| Communication expenses | 788 910 | 309 768 |
| Travel expenses | 1 180 804 | 710 503 |
| Indirect taxes expensed | 809 585 | 650 996 |
| Insurnace charge | 367 702 | 55 231 |
| Profit or loss on fixed asset disposal | 111 302 | 5 200 |
| Grant related expenses | 600 861 | - |
| Director fee's | 597 071 | 92 948 |
| Restructuring costs | 671 501 | - |
| Other expenses | 724 686 | 938 029 |
| | **15 665 672** | **8 400 687** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|
| **27. Operating expenses (continued)** | | |
| **Consulting and professional fees** | | |
| **Auditor's remuneration - external** | | |
| Audit fees | 1 472 000 | 871 939 |
| Additional charges prior year audit | 667 795 | - |
| Other consultation services | 372 868 | 64 159 |
| **Consulting fees** | | |
| Consulting fees | 1 260 059 | 1 255 829 |
| **Legal fees** | | |
| Legal fees | 1 120 988 | 573 793 |
| **Total consulting and professional fees** | **4 893 710** | **2 765 720** |
| **Employee costs** | | |
| Salaries, wages, bonuses and other benefits | 13 907 805 | 7 121 948 |
| **Total employee costs** | **13 907 805** | **7 121 948** |
| **Depreciation, amortisation and impairments** | | |
| Depreciation of property, plant and equipment | 935 602 | 357 585 |
| Amortisation and impairment of intangible assets | 1 111 443 | 404 941 |
| Impairments of other receivables | 473 064 | - |
| **Total depreciation, amortisation and impairments** | **2 520 109** | **762 526** |

## 28. Investment revenue

| | 2017 € | 2016 € |
|---|---|---|
| **Interest income from investments in financial assets:** | | |
| Interest on bank and other cash | 18 954 | - |
| Interest on loans | 2 664 581 | 1 499 738 |
| **Total interest income** | **2 683 535** | **1 499 738** |

## 29. Finance costs

| | 2017 € | 2016 € |
|---|---|---|
| Interest on all financial borrowings | 17 254 816 | 10 153 810 |
| Net foreign exchange losses on foreign currency borrowings | 1 075 218 | 405 800 |
| Funding origination costs | 2 678 692 | 1 129 179 |
| Other interest expense/(income) | 302 979 | 3 878 |
| **Total finance costs** | **21 311 705** | **11 692 667** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 30. Income tax expense

| | 2017<br>€ | 2016<br>€ |
|---|---|---|
| **Major components of the tax expense** | | |
| **Current** | | |
| Local income tax | 2 749 820 | 2 829 616 |
| Excise duty | 13 | 397 |
| Withholding tax | 9 549 | 820 464 |
| | **2 759 382** | **3 650 477** |
| **Deferred** | | |
| Originating and reversing temporary differences | 669 319 | (1 763 438) |
| **Total taxation expense** | **3 428 701** | **1 887 039** |
| | | |
| **Reconciliation of the tax expense** | | |
| Accounting (loss)/profit | (7 690 100) | 886 169 |
| | | |
| Taxation expense at the respective country rates | (3 086 884) | 230 918 |
| **Tax effect of adjustments on taxable income** | | |
| Non deductible expenses | 1 362 010 | 201 685 |
| Thin capitalisation | - | 120 899 |
| Assessed loss utilised | (89 523) | - |
| Amortisation of customer base | - | (19 465) |
| Unrecognised tax losses | 4 707 515 | 420 586 |
| Withholding tax credit | 749 462 | 808 314 |
| Prior period adjustment | (55 756) | (118 482) |
| Non deductible income | (158 110) | (22 238) |
| Other taxes similar to income tax | (13) | 397 |
| Taxation impact of restatement and discontinued operation | - | 264 425 |
| | **3 428 701** | **1 887 039** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|

### 31. Discontinued operations

From 30 January 2017, lending operations in Spain were completely discontinued. The offices have been closed and the business unit no longer employs staff. The amounts below reflect the financial impact of the operations on the group since.

| | 2017 € | 2016 € |
|---|---|---|
| **Profit or loss** | | |
| Revenue | 64 289 | 2 154 985 |
| Impairment of loans | (1 112 022) | (2 358 571) |
| Other income | - | 36 840 |
| Operating expenses | (506 942) | (705 578) |
| Investment revenue | 51 | 12 |
| Finance cost | - | (295 221) |
| Net loss before tax from discontinued operations | (1 554 624) | (1 167 533) |
| Tax | (340 725) | 291 387 |
| Net loss after tax from discontinued operations | **(1 895 349)** | **(876 146)** |
| | | |
| **Assets and liabilities** | | |
| **Assets of disposal groups** | | |
| Property, plant and equipment | 609 | 4 786 |
| Other receivables | 14 873 | 474 644 |
| Cash and cash equivalents | 1 844 | 3 761 |
| | **17 326** | **483 191** |
| | | |
| **Liabilities of disposal groups** | | |
| Total liabilities | (2 389 650) | (2 239 352) |
| | | |
| **Equity** | | |
| Total equity | 2 372 324 | 1 756 161 |
| | | |
| **Cash flows** | | |
| **Cash flows from discontinued operations** | | |
| Cash flows from operating activities | (30 867) | (804 583) |
| Cash flows from investing activities | 950 | (5 958) |
| Cash flows from financing activities | 28 000 | 782 356 |
| | **(1 917)** | **(28 185)** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|

### 32. Earnings per share

| | 2017 € | 2016 € |
|---|---|---|
| Loss for the  period attributable to equity owners of the parent | (15 034 647) | (3 105 935) |
| From continuing operations | (13 139 298) | (2 229 809) |
| From discounted operations | (1 895 349) | (876 126) |
| | | |
| Weighted average number of ordinary shares | 11 490 678 | 10 022 658 |
| Adjusted for calculation of diluted earnings per share: | | |
| Employee option plan | 38 672 | 13 957 |
| Greenshoe option | - | 262 |
| Weighted average number of ordinary shares for diluted earnings per share | **11 529 350** | **10 036 877** |
| | | |
| **Basic loss per share** | | |
| From continuing operations | (1.14) | (0.22) |
| From discontinued operations | (0.16) | (0.09) |
| | | |
| **Diluted loss per share** | | |
| From continuing operations | (1.14) | (0.22) |
| From discontinued operations | (0.16) | (0.09) |
| | | |
| **Total** | | |
| Basic loss per share | (1.31) | (0.31) |
| Diluted loss per share | (1.30) | (0.31) |

## 33. Cash used in operations

| | 2017 € | 2016 (Restated) € |
|---|---|---|
| **Profit/(loss) before taxation** | (9 244 724) | (281 365) |
| Adjustments for: | | - |
| Depreciation and amortisation | 2 006 151 | 744 480 |
| Non cash portion of expenses | (396 148) | - |
| Loss on disposal | 111 303 | 5 200 |
| Investment revenue | (2 683 535) | (1 499 750) |
| Finance costs | 20 236 487 | 11 948 429 |
| Goodwill and Other impairments | 513 958 | 688 709 |
| Loan impairments | 13 151 759 | 9 107 632 |
| Employee share option plan | 645 925 | 381 786 |
| Gain on bargain purchase | (2 850 600) | - |
| Grant amortisation | (1 725 766) | - |
| Gain on foreign exchange | 1 075 218 | - |
| **Changes in working capital:** | | - |
| Loan book | (20 911 114) | (15 443 563) |
| Other receivables | (11 306 533) | (3 249 702) |
| Deposits from customers | 2 678 785 | 389 039 |
| Trade and other payables | (762 744) | 3 411 292 |
| **Cash (used in)/generated from operations** | **(9 461 578)** | **6 202 187** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 34. Fair value information

**Valuation models**
The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

**Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity and debt investments classified as trading securities or available-for-sale.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

## 34. Fair value information (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The Group's valuation methodology for securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

**Fair value hierarchy**
The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 34. Fair value information (continued)

| Levels of fair value measurements | 2017 € | 2016 € |
|---|---|---|
| **Level 2** | | |
| **Financial liabilities at amortised cost** | | |
| Listed bonds* | | |
| Zimbabwe | 4 807 308 | - |
| Europe | 3 801 302 | 5 191 000 |
| Botswana | 6 379 900 | - |
| | **14 988 510** | **5 191 000** |
| **Level 3** | | |
| **Financial assets at amortised cost** | | |
| Loans to related parties | 15 430 265 | 4 327 799 |
| Other financial assets | - | 471 853 |
| Loan book | 67 950 447 | 40 332 216 |
| Loans to shareholders | - | 2 363 145 |
| | **83 380 712** | **47 495 013** |
| **Financial liabilities at amortised cost** | | |
| Loans from related parties | 49 791 329 | 22 348 224 |
| Other financial borrowings | 48 156 769 | 21 609 961 |
| Loans from shareholders | 4 774 000 | 5 525 824 |
| | **102 722 098** | **49 484 009** |

* Even though these bonds are listed, these bonds are not traded regularly as they are held to maturity by the investors.

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 35. Risk Management

The risk management policies are designed to identify and analyses these risks, to set appropriate limits and controls, and to monitor the risk through reliable and up-to-date information systems. Risk management is carried out by management, under policies approved by the board. The Board approves principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

The executive management of the group's subsidiaries are responsible to identify, monitor and mitigate risk at all business levels under the policies approved by the Group's Board.

**I. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, employer default risk and country risk).

The provision of unsecured loans to formally employed individuals is the main activity of the Group's business. As such, exposure to credit risk and the management of this risk is a key consideration.

Customer credit risk is mitigated by the utilisation of payroll collection models. Employment of customers by vetted employers effectively serve as security for loans provided to such customers, since the employer recovers the loan installment directly from the customer's salary. All cash and cash equivalent assets are placed with reputable banks. If the banks credit rating recedes the risk will be assessed and action taken. The group analyses the return versus risk in these instances as some banks may offer a higher return with a significant risk component. The group utilises hard currency deposits as security to borrow local currency funding to limit foreign exchange losses.

In terms of the Group's derivative position, the Group selects well-regulated, reputable, and financially sound firms in the United Kingdom. The Group chose the United Kingdom due to a strong regulatory and supervisory framework which providers need to comply with.

In extending loans to related parties, shareholders and third parties the Group completes a full credit assessment. The Group reviews the financial statements, operations, legal and tax status of the borrower. The group also limits the tenure and size of the debt in which it never poses a material risk to the Group. All loans are interest- bearing and recorded at fair value at initial recognition. The Group bases its credit risk policies on the customers it serves, their employers and method of collection.

**a. Credit Committees and credit policies.**

The credit policy document governs each subsidiary's credit products. Credit committees meet on a monthly basis. The credit policy is the output document that the committee reviews and updates monthly. Collection data at the subsidiary level is reviewed by the committee and analysed. This information is used to adjust the general and subsidiary specific policy in order to reduce bad debt and maximise acceptable levels of disbursements versus risk in the respective territories. Legislative requirements on charges such as interest, fees, number of loans and affordability are reviewed monthly and are sourced via regular communication with regulating authorities. The Group has representation on all subsidiary credit committees to maintain consistency and provide oversight. All the credit committees report to management on a quarterly basis in terms of its charter. The group's activities expose it to several financial risks. Taking risk is core to any financial services business. The Group's objective is to achieve an appropriate balance between risk and return.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

**b. Concentration risk**

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single Counterparty, an industry, a product, or geographic region. The Group's credit risk portfolio is well diversified. The group's management approach relies on reporting of concentration risk along key dimensions and portfolio limits. Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, geographic regions, and counterparties. The group advances loans to payroll employees, private online lending and small medium enterprises. Payroll employees comprises 50.37% (2016: 74%) of the group's customer portfolio (based on the outstanding loan book as at 30 June) and private online lending comprises 49.63% (2016: 26%). The following tables illustrate the Group's concentration by geographic region with reference to the value of the loan book as well as all financial assets:

| Loan Book | % 2017 | % 2016 |
|---|---|---|
| South Africa | 20.13 | 21.28 |
| Zimbabwe | 14.44 | 23.69 |
| Uganda | 13.18 | 0.05 |
| Zambia | 12.08 | 14.38 |
| Kenya | 10.77 | 10.49 |
| Botswana | 8.20 | 14.69 |
| Australia | 6.41 | n/a |
| Malawi | 4.73 | 9.45 |
| Mozambique | 3.93 | n/a |
| Swaziland | 2.79 | 2.66 |
| Tanzania | 2.39 | n/a |
| Other | 0.86 | 3.31 |
| Namibia | 0.11 | 0.00 |
| Euro | 0.00 | 0.00 |

| All financial assets | % 2017 | % 2016 |
|---|---|---|
| Zimbabwe | 13.64 | 23.64 |
| South Africa | 13.36 | 18.06 |
| Uganda | 13.26 | 0.04 |
| Zambia | 12.59 | 16.02 |
| Botswana | 9.44 | 10.65 |
| Mauritius | 9.35 | 8.44 |
| Kenya | 8.15 | 8.18 |
| Malawi | 6.29 | 9.77 |
| Other | 3.86 | 2.85 |
| Australia | 3.45 | 0.00 |
| Mozambique | 3.23 | 0.00 |
| Swaziland | 1.82 | 2.07 |
| Tanzania | 0.77 | 0.00 |
| Luxembourg | 0.70 | 0.05 |
| Namibia | 0.07 | 0.24 |

**c. Direct lending**

The Group provides loans to gainfully employed individuals and rely on collecting loan installments directly from the customer's bank account, via an electronic debit order, or electronic bank deduction instruction. These payments are effected on the customer's salary date. Customers are assessed in full every time they apply for credit to determine if their credit profile remains acceptable in terms of the credit policies of the group.

**d. Credit philosophy**

The credit philosophy of the Group is to place primary emphasis of the credit decision on the borrower's ability to service the loan. It is therefore critical to establish the customer's ability and commitment to service their loan installment.

A borrower's ability (or affordability) to pay is dictated by their repayment to gross income and total existing internal and external financial obligation in relation to their net income. The willingness to repay is primarily based on the client's past payment history.

**(i) Credit risk assessment**

The Group utilises a risk scoring engine that analyses aggregated 'big data'. The credit scoring engine is configured with the credit policy parameters and is embedded in the system, preventing human intervention which can result in breaches of policy. The Group also makes use of credit risk cover for its customers which covers the outstanding capital in the event of a customer's loss of income relating to death, disability, dreaded disease, or retrenchment.

## 35. Risk Management (continued)

**Checks:**

- Identification Verification Electronic and Physical
- Electronic Credit Bureau Data
- Customer Affordability assessment established by electronic or manual assessment of three months' bank statements
- Term and proof of employment established via electronic or manual confirmation
- Electronic Bank Account verification
- Age
- Industry of employment
- Employer
- Previous credit behavior with the Group
- Fifteen thousand data points of alternative data

**Documentation in the absence of electronic verification:**

- Proof of identity
- Bank statement
- Payslip
- Loan agreement with Credit Life Policy

All credit approvals are governed by the MyBucks Credit Policy and more specifically the Country Specific Credit Policy. Business and product rules are incorporated into the operating system business and decisioning layer.

**(ii) Employer risk assessment**

The Group assesses the employer to determine if the employer will be able to honour its obligations in terms of the agreement. Criteria that the Group uses are as follows:

**Checks:**

- Industry type
- Financial position (3 years signed financial statements)
- Know your customer (KYC)
- Tax clearance
- External references
- Litigation pending

**Documentation:**

- Statutory documents
- Directors KYC
- Audited financial statements

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

## 35. Risk Management (continued)

**Checks:**

- Identification Verification
- Employer Verification
- Affordability Calculation based on source documentation
- Electronic Credit Bureau information
- Bank account verification
- Age

**Documentation:**

- Loan agreement
- Signed bank account deduction instruction in the event of termination of employment
- Signed Credit life agreement
- Copy of Identification Document
- Payslip
- 3 Months Bank Statements

The main objective to mitigate credit risk lies in the credit granting process and this process is managed in specific procedures in the acquisition process:

**Credit Market Indicators** – External credit bureau enquiries are used to establish outright application disqualifying factors such as fraud indicators, insolvency, debt review status as well as external exposure information relating to account handling, balances, and client commitments;

**Customer Data Authentication** – All core customer data supplied in the application process is vetted automatically against external and independent data sources specifically pertaining to personal details, employment details, customer bank details and customer earning and exposure details. In the absence of automated controls, such validation is performed manually;

**Internal Credit Policy Application** – In the final step in the customer credit application, the data is assimilated and passed through the proprietary internal credit application process that provides the outcome in terms of application status and if provisionally approved the credit limit, appropriate product term, product cost and monthly commitment to the customer.

**e. Collection**

When no deduction at source is used, the Group follows a philosophy of ensuring timeous collections based on the client's salary date to optimise collection success. There is focus on internal data trends and knowledge with constant monitoring and improvement of the quality of the information database to ensure improved collection success. The Group mainly utilises the regulated non-authenticated early debit order (NAEDO) system to collect installments from customers. Deduction mandates are obtained from customers in their loan contracts and are made from their primary bank account (where the customer 's salary is deposited).

When collection is unsuccessful, arrears follow-up is performed through a systematic process of customer self-help and assisted processes managed by The Group's in-house collection department.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

**f. External recovery**

The Group's arrears accounts are handed over to selected external debt collectors (EDC) to collect on their behalf. The main objective remains the mitigation of risk and ultimate collection without incurring excessive cost to the either the group or the customer.

**g. Credit monitoring**

The Group utilises various reporting and monitoring tools to engage in and control ongoing credit risk within the credit life-cycle:

» Real time monitoring on application volumes, approval rates and processing quality;
» Credit efficiency reports to establish first strike collection rates;
» Vintage collection reports to establish the initial recovery process efficiency;
» Credit ageing reports to manage and control loan delinquency and provisioning;
» Active payment, collection, and integrity trend analysis to control and manage underlying risks and movements within the day to day operational procedures.

**h. Deduction at source lending**

The Group provides loans to gainfully employed individuals that are employed by employers that are vetted by the Group and that have concluded an agreement with the Group. In terms of these agreements the employer deducts the loan installments from the customer's salary and disburses these funds to the Group. Loan size, terms, rates, and customer affordability criteria are also agreed with the employer upon engagement. In this instance the Group mitigates the direct customer risk and gears the risk towards the customer's employer. Employers are assessed monthly based on their collections performance.

**i. Impairment assessment**

Customers of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

Categories used to identify specific impairments for the group:

» **Category of default 0:** Loans that are not past due and are within the contract term.
» **Category of default 1:** Loans that have missed one contractual payment.
» **Category of default 2:** Loans that have missed two contractual payments.
» **Category of default 3:** Loans that have missed three contractual payments.
» **Category of default 4:** Loans that have missed more than three contractual payments. This is also defined as the the Default state.

The impairments at year-end are derived from each of the five internal rating grades. Loans and advances are considered impaired if, and only if, there is objective evidence of impairment because of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets estimated future cash flows that can be measured reliably. The internal rating tool assists management to determine whether objective evidence of impairment exists based on the following criteria set out by the Group:

» downgrading below "Performing" level
» historical loss experience of groups of financial assets with similar repayment terms

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

- data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including
- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group

In determining whether a loss event has occurred, loans and advances are subjected to regular evaluations of the following:

- overall client risk profile and payments record
- downgrading below "Performing" level.
- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower;
- initiation of bankruptcy proceedings;

The group assesses the probability of default by referring to historical collection data. The historical collection data is reviewed quarterly to reduce the difference between the impairment allowance estimate and actual loss experience

The historical loss experience is adjusted based on observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

On a collective basis, the Group assesses whether objective evidence of impairment exists for groups of financial assets with similar repayment terms. If there is objective evidence that an impairment loss on loans and advances has been incurred, the amount of the loss is measured as the difference between the assets' carrying amounts and the present value of estimated future cash flows discounted at the respective financial assets' original effective interest rates (the recoverable amount).

- Loans and advances within the Group comprises many small, homogenous assets. Statistical techniques are used to calculate impairment allowances collectively, based on historical default and recovery rates. These statistical analyses use as primary inputs the extent to which accounts in the portfolio are in arrears and historical loss experience on the eventual losses encountered from similar delinquent portfolios.
- Models contain both judgmental and non-judgmental inputs. The extent of judgement utilised in models developed for new loan products is greater than that for older products, given the limited historical experience available for the new products.

In outline, the statistical analyses are performed on a portfolio basis as follows:

- The Probability of Default (PD) for each CD category is determined by means of historic statistical analysis of the observed payment behavior. This is achieved by constructing transition matrices that track how loans have migrated between CD states. These movements produce a pattern over time that is used to predict a Probability of Default (reaching CD4).
- The Loss Given Default (LGD) represents the portion of a loan's balance, at the point of default, that is expected to be unrecovered/written off.
- These derived statistics, based on actual experience, are used in determining the impairment value of each loan by multiplying the outstanding balance (EAD) at reporting date with PD and LGD.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

- Clients in arrears by more than 90 days are handed over to external debt collectors. Recoveries from short-term loans are regarded as negligible as collateral is not required for the granting of advances in the current product range. The estimated recoveries on longer-term loans discounted at the contractual rates are recognised in gross loans and advances.

In addition to the impairment estimated for assets with recognised objective evidence of impairment, an estimate is made for impairments associated with those assets in the balance sheet that are impaired, but for which objective evidence is not yet available.

- The impairment calculation utilises the results of the statistical analyses referred to above to estimate the proportion of assets in each portfolio that are likely to be unrecovered and written off.
- In considering the occurrence of a loss event over the life of a loan, it is assumed that there is a constant risk of the loss event occurring at any point in the life of the loan.

The methodology and assumptions used for estimating future cash flows are reviewed annually to reduce differences between loss estimates and actual loss experience. All impaired loans and advances are reviewed monthly and any changes to the amount and timing of the expected future cash flows compared to previous estimates will result in a change to the charges for impairment of loans and advances. Customers (and the related impairment allowance accounts) are written off once a loan has made no payment for more than 365 days.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

The below table indicates, per country, the performance category of the loan book split:

| 30 June 2017 | % Category of default 0 | % Category of default 1 | % Category of default 2 | % Category of default 3 | % Category of default 4 |
|---|---|---|---|---|---|
| Botswana | 85 | 3 | 1 | 1 | 10 |
| Malawi | 85 | 5 | 1 | 1 | 8 |
| Zimbabwe | 91 | 2 | 1 | - | 6 |
| Kenya | 36 | 8 | 5 | 6 | 45 |
| Zambia | 86 | 6 | 3 | 2 | 4 |
| South Africa | 60 | 8 | 4 | 4 | 24 |
| Australia | 68 | 3 | 2 | 1 | 26 |
| Uganda | 87 | 5 | 2 | 2 | 4 |
| Tanzania | 9 | 24 | 12 | 9 | 46 |
| Mozambique | 89 | 3 | 1 | 1 | 6 |
| Poland | 31 | 9 | 16 | 25 | 19 |

| 30 June 2016 | % Category of default 0 | % Category of default 1 | % Category of default 2 | % Category of default 3 | % Category of default 4 |
|---|---|---|---|---|---|
| Botswana | 83 | 5 | 2 | 1 | 9 |
| Malawi | 90 | 1 | 1 | 1 | 7 |
| Zimbabwe | 92 | 2 | 2 | 1 | 4 |
| Kenya | 66 | 2 | 1 | 1 | 30 |
| Zambia | 88 | 4 | 1 | 1 | 6 |
| South Africa | 50 | 6 | 7 | 7 | 30 |
| Other | 68 | 13 | 5 | 3 | 12 |

| Impairment as a % of gross loan book | 2017 | 2016 |
|---|---|---|
| Group | 20% | 23% |

| 30 June 2017 | Neither past due nor impaired | Past due - impaired | Total gross advances to customers | Less impairment | Net advances to customers 30 June 2017 |
|---|---|---|---|---|---|
| Group | 61 496 363 | 24 340 930 | 85 837 293 | (17 310 365) | 68 526 928 |
| **30 June 2016** | | | | | |
| Group | 30 250 495 | 20 056 558 | 50 307 053 | (11 508 450) | 38 798 603 |

## 35. Risk Management (continued)

The loan book impairments have increased by 50% from the prior to the current year, while the gross loan book has increased by 71% from prior to current year. As the impairment percentage has decreased from 20% of the gross loan book in 2016 to 23% in 2017, the credit quality of the loan book has increased.

**Credit risk impacts**
The Emergence Period is the time it takes for a Credit Event (e.g. job loss) to lead to a Loss Event on a loan (e.g. payment default). If the Emergence Period increased by one month, the effect would be €278 960 (2016: €160 736).

If the loss ratio increased by 5% of portfolio provision, the effect would be €865 518 (2016: €575 423).

The table below lists other financial assets (excluding cash and cash equivalents and loan book) in relation to their past due status:

| 30 June 2017 | Neither past due nor impaired | Past due but not impaired 0-90 days | Past due but not impaired 90-360 days | Past due but not impaired greater than 360 days | Impaired |
|---|---|---|---|---|---|
| Other receivables | 24 919 023 | 577 586 | 984 721 | 30 614 | - |
| Loans to related parties | 15 442 183 | - | - | - | - |
| Other financial assets | 484 121 | - | - | - | - |
| Loans to shareholders | - | - | - | - | - |
| | **40 845 338** | **577 586** | **984 721** | **30 614** | **-** |

| 30 June 2016 | Neither past due nor impaired | Past due but not impaired 0-90 days | Past due but not impaired 90-360 days | Past due but not impaired greater than 360 days | Impaired |
|---|---|---|---|---|---|
| Other receivables | 9 266 836 | 1 340 951 | 108 733 | 189 895 | - |
| Loans to related parties | 4 302 391 | - | - | - | - |
| Other financial assets | 446 592 | - | - | - | - |
| Loans to shareholders | 1 824 507 | - | - | - | - |
| | **15 840 326** | **1 340 951** | **108 733** | **189 895** | **-** |

**i. Credit quality**
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

| | 30 June 2017 € | 30 June 2016 € |
|---|---|---|
| **Cash at bank and short term deposits** | | |
| A+ | 34 801 | 16 942 |
| AAA | (213 047) | - |
| AA | 3 431 303 | (64 933) |
| AA- | 1 678 133 | 35 859 |
| A-2 | - | - |
| A | 32 087 | 1 586 |
| A- | - | - |
| BBB | 5 631 402 | 13 507 998 |
| BBB- | 813 409 | 2 442 792 |
| BB+ | 13 418 608 | 971 939 |
| BB- | - | - |
| B+ | - | - |
| B | 7 732 | 2 043 347 |
| B1 | 880 | - |
| B2 | 52 | - |
| B- | 1 272 | 70 113 |
| Unrated | 4 914 320 | (227 183) |
| | **29 750 952** | **18 798 460** |

| | | |
|---|---|---|
| **Reconciliation of cash and fixed deposits** | | |
| Cash and cash equivalents (Note 15) | 10 683 568 | 13 778 900 |
| Short-term deposits (Note 13) | 19 067 384 | 5 019 560 |
| | **29 750 952** | **18 798 460** |

### II. Market risk

Market risk is the risk that changes in the market prices, such as interest rates and foreign exchange rates will affect the fair value and future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Overall responsibility for managing market risk rests with the directors. Management is responsible for the development of detailed risk management policies (subject to review by the directors) and for the day to day implementation of those policies. The group policy is to only hedge open positions

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

on hard currencies. Due to the volatility in some of the African countries' currencies, hedging is either not available of prohibitively expensive. In such countries, the focus is to obtain local funding in local currency. Currency swaps currently in place cover the fixed deposit, denominated in US Dollar in Zambia. the total value of the swaps are for US Dollar 870 000, the fair value adjustment of €19 952 is included in trade and other payables. These swaps matured in November 2017.

**Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings which are issued at fixed and variable rates. These expose the Group to cash flow interest rate risk which is partially offset by having a short-term loan portfolio as the main asset in the group. Increasing refinancing cost can be potentially covered by price changes in new lending (to the extent the relevant lending rates are governed by a formula linked to prime) whereby the spread between lending interest and borrowing interest is comparably high.

The table below indicates all interest-bearing financial borrowings and all interest-bearing financial assets (excluding cash and cash equivalents, other receivables and trade and other payables) at fixed rates and variable rates.

| | 30 June 2017 | 30 June 2016 |
|---|---|---|
| | € | € |
| **Fair value interest rate risk** | | |
| **Fixed interest bearing assets** | | |
| US Dollar | 20 251 511 | 13 379 316 |
| Botswana Pula | 10 634 480 | 6 227 668 |
| South African Rand | 16 149 836 | 8 703 921 |
| Malawi Kwacha | 3 745 729 | 4 006 876 |
| Kenya Shillings | 4 627 390 | 4 380 370 |
| Euro | - | 1 205 621 |
| Zambia Kwacha | 9 885 959 | 6 802 796 |
| Other | 292 536 | 1 232 832 |
| Ugandian Shilling | 10 665 140 | - |
| Mozambique Metical | 3 090 796 | - |
| Australian Dollar | 3 891 129 | - |
| Tanzanian Shilling | 571 154 | - |
| | **83 805 660** | **45 939 400** |

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

| | 30 June 2017 € | 30 June 2016 € |
|---|---|---|
| **Fixed interest bearing borrowings** | | |
| US Dollar | 41 875 524 | 34 949 560 |
| Botswana Pula | 8 597 549 | 196 731 |
| South African Rand | 27 744 838 | 7 141 108 |
| Euro | 7 043 524 | 5 560 950 |
| Zambia Kwacha | 2 281 460 | - |
| Kenya Shillings | 168 565 | - |
| Australian Dollar | 1 945 798 | - |
| Mozambique Metical | 682 401 | - |
| Uganda Shilling | 861 565 | - |
| | **91 201 224** | **47 848 349** |
| **Cash flow interest rate risk** | | |
| **Variable interest bearing assets** | | |
| Botswana Pula | 180 151 | 496 493 |
| South African Rand | 112 643 | 1 274 722 |
| | **292 794** | **1 771 215** |
| **Variable interest bearing borrowings** | | |
| Botswana Pula | 489 719 | 287 245 |
| South African Rand | - | 90 759 |
| Malawi Kwacha | 40 227 | 2 186 638 |
| Kenya Shillings | 2 149 520 | 836 039 |
| Zambia Kwacha | - | 2 188 852 |
| Australian Dollar | 2 013 423 | - |
| | **4 692 889** | **5 589 533** |
| **Non-interest bearing assets** | | |
| US Dollar | 14 912 | 63 824 |
| **Non-interest bearing liabilities** | | |
| US Dollar | 449 875 | - |

| | 30 June 2017 | 30 June 2016 |
|---|---|---|
| | € | € |

## 35. Risk Management (continued)

Cash flow interest rate sensitivity impact on profit or loss on financial assets and financial liabilities (excluding cash and cash equivalents, other receivables and trade and other payables)

| Assets | Interest rate movement | 2017 | 2016 |
|---|---|---|---|
| Botswana Pula | 1% | 1 802 | 4 965 |
| South African Rand | 1% | 1 126 | 12 747 |
| | | **2 928** | **17 712** |

| Liabilities | Interest rate movement | 2017 | 2016 |
|---|---|---|---|
| Botswana Pula | 1% | 4 897 | 2 872 |
| South African Rand | 1% | - | 908 |
| Malawi Kwacha | 1% | 402 | 21 866 |
| Kenya Shillings | 1% | 21 495 | 8 360 |
| Zambia Kwacha | 1% | - | 21 889 |
| Australian Dollar | 1% | 20 134 | - |
| | | **46 928** | **55 895** |

The Group manages its interest rate risk through placing excess funds in interest bearing call accounts as per note 13. The Group has also placed hard currency debt borrowings in bank deposits as per note 15, which is used as security for local currency funding lines where the group earns interest on these deposited funds. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios below, the Group calculates the impact on profit and loss of a defined interest rate shift. The sensitivity of these interest rate shifts is based on the expected movements in inter-bank lending rates in the respective jurisdictions year on year.

**a. External funding at central treasury level**

All the Group's significant hard currency funding is fixed interest rates. The Group being in a start-up phase has been exposed to high interest rates on its hard currency funding. Hard currency funding received is managed through the Group treasury function. Individual countries are encourages to source local funding facilities, while treasury will provide the security to this funding by way of the hard currency funding received. These facilities are reviewed on a quarterly basis.

**b. Internal Funding Inter-Company**

Group funding to subsidiaries are at lending rates that are aligned with local country regulation. In some countries regulators require prime linked rates and in others fixed rates.

**c. External Local Currency Funding**

The subsidiaries have predominantly prime linked debt facilities with banks in local currency. Formal debt instruments with non-banking institutions are utilised at fixed interest rate.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

**d. Customer interest rates**

All loans to customers are at a fixed rate. The subsidiaries are therefore exposed to increases in funding rates and will benefit from lower funding rates. In South Africa, interest rates are regulated and hence the group has limited ability to change the rates. The Group is therefore exposed to increases in funding rates and will benefit from lower funding rates.

**Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group has made use of hard currency bank deposits (used as security for local funding lines) to limit its various exposures.

The group has investments in subsidiaries, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's subsidiaries is managed primarily through borrowings denominated in the relevant foreign currencies, including inter-company loans made by the holding companies or the central treasury function to these subsidiaries in the relevant foreign currencies.

These inter-company loans expose the Group to foreign currency risk and create an open foreign currency position. The focus in the current financial year and going forward has been to close open foreign exchange positions on inter-company loans. New local currency funding lines will enable the group to replace inter-company loans with local funding.

The group is however still exposed to local currency risk in terms of its local currency loan book assets that cannot be hedged in some of the countries that the subsidiaries operate in. The below table illustrates the balance exposure relating to foreign currency funding held in local jurisdictions.

# Notes to the Consolidated Combined Financial Statements.

| | 30 June 2017 € | 30 June 2016 € |
|---|---|---|

## 35. Risk Management (continued)

| **Subsidiary foreign currency loan exposures at 30 June** | | |
|---|---|---|
| US Dollar | 22 490 348 | 7 942 753 |
| Euro | 8 895 157 | 1 986 144 |
| South African Rand | - | 1 273 530 |
| | **31 385 506** | **11 202 427** |

| **Sensitivity impact on profit and loss** | | |
|---|---|---|
| US Dollar - 7% | 1 574 324 | 555 993 |
| Euro - 7% | 622 661 | 139 029 |
| South African Rand - 7% | - | 89 146 |

The above table, on the sensitivity of the risk related to foreign currency exposure, illustrates the sensitivity of the subsidiaries' functional currencies to the currencies presented in the table above. The fluctuation is an indication of movements in exchange rates observed during the last 12 months.

The table does not take into consideration the translation risk, being the difference between functional currency and presentation currency.

**Exposure**
The group's exposure on significant financial categories to foreign currency risk at the end of the reporting period, expressed in Euro, was as follows:

| 30 June 2017 | Borrowings | Cash | Trade receivables | Trade payables | Loan Book |
|---|---|---|---|---|---|
| Botswana Pula | 8 730 478 | 1 052 275 | 299 191 | 1 666 425 | 6 205 075 |
| Malawi Kwacha | 40 227 | (1 349 622) | 1 325 445 | 609 368 | 3 745 730 |
| US Dollar | 27 617 757 | 4 752 236 | 14 712 657 | 1 049 305 | 11 397 331 |
| Kenya Shillings | 2 300 013 | 750 828 | 427 670 | 664 402 | 4 627 282 |
| Euro | 12 254 552 | 16 173 | 3 682 596 | 962 358 | - |
| Zambia Kwacha | 2 108 403 | (1 873 198) | 4 580 651 | 1 260 139 | 9 882 737 |
| South African Rand | 4 696 416 | 1 043 459 | 2 406 188 | 2 065 635 | 14 182 076 |
| Ugandan Shilling | 996 334 | 597 323 | 5 292 521 | 1 497 630 | 10 666 797 |
| Tanzanian Shilling | - | 42 076 | 314 702 | 341 328 | 571 153 |
| Mozambiquan Metical | 682 357 | 3 957 628 | 450 703 | 594 047 | 3 090 598 |
| Australian Dollar | 3 970 065 | 1 675 282 | 145 148 | 384 257 | 3 901 787 |
| Other | - | 19 121 | 84 824 | 434 927 | 256 364 |

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

| 30 June 2016 | Borrowings | Cash | Trade receivables | Trade payables | Loan Book |
|---|---|---|---|---|---|
| Botswana Pula | 876 793 | 550 993 | 207 529 | 597 080 | 5 699 289 |
| Malawi Kwacha | 104 924 | (1 615 537) | 1 386 716 | 243 794 | 3 701 673 |
| US Dollar | 18 409 956 | 4 801 460 | 6 227 440 | 1 040 112 | 9 148 463 |
| Kenya Shillings | 2 251 659 | (522 781) | 307 758 | 99 347 | 4 070 425 |
| Euro | 5 126 150 | 12 082 767 | 429 460 | 2 449 512 | 1 205 621 |
| Zambia Kwacha | - | (2 179 339) | 2 652 151 | 1 047 822 | 5 543 980 |
| South African Rand | - | 474 652 | 718 339 | 1 505 405 | 8 257 328 |
| Other | - | 186 684 | 389 602 | 64 993 | 1 128 239 |

The impact of Swaziland and Namibian currencies is included in South African Rand, as these currencies are linked.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

### III. Country risk

As a global financial services group, MyBucks is active in multiple jurisdictions. Significant changes in the economy or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Country (or Sovereign) risk is part of the overall credit risk and is managed as part of the credit risk management function as it has a major impact on individual counter parties ability to perform. Management therefore carefully manages its exposure to credit risks by ensuring that the exposure to any single country does not exceed twenty five percent of the total loan book. The acquisition of Opportunity International will further diversify and mitigate exposure going forward.

### IV. Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall profile of the statement of financial position, the funding requirements of the Group and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place to ensure that all future cash flow commitments are met.

In these simulations, the following factors are taken into consideration per subsidiary:

**a) Loan disbursements**

Although longer loan tenures to customers have a positive impact on the revenue and the balance sheet, the cash flow is negatively impacted in the short term. To mitigate such impact the mix between longer term loan products and shorter term loan products is managed to balance the net cash flow.

**b) Loan book collections**

Collection efficiency rates are used when projecting cash inflows. Efficiency rates are monitored daily in order to optimise cash flows and based on historical experience. Disbursements will be adjusted in the case of lower than expected collections, since this managed daily.

**c) Cost containment and budgeting**

Costs are managed daily and any variances to budgets are investigated to ensure the accuracy of the cash flow simulation models.

**d) External debt repayments**

External debt repayments are accounted for in the cash flow simulation models.

**e) Treasury function**

The group treasury department monitors liquidity daily to ensure that the subsidiaries bank accounts are funded to meet operational requirements. Bank account movements are monitored daily and are flagged for any issues requiring attention. Creditors are paid on a monthly or bi-weekly schedule.

**f) Hard currency secured local currency facilities**

Local currency facilities that are secured by hard currency deposits are reviewed on a quarterly basis. Local facility debt tenors and repayment schedules are matched with the weighted average term of the debtor's books.

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

The following table shows the undiscounted cash flow of the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings, based on the remaining period at the consolidated combined statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Excess liquidity generated within the next twelve months will be reinvested into later periods. Financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| 30 June 2017 | On demand (Less than 1 month) | 1 Month to 12 months | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|
| Other financial liabilities | 16 232 416 | 20 012 500 | 39 603 478 | 2 637 203 |
| Loans from other related parties | 985 771 | 14 329 634 | 21 931 789 | 47 276 698 |
| Finance lease liabilities | 4 820 | 40 159 | 106 646 | - |
| Deposits from customers | 2 571 279 | 10 052 334 | 210 166 | - |
| Trade and other payables | 2 944 523 | 6 536 861 | - | - |
| Bank overdraft | 2 913 045 | 1 450 429 | - | - |
| **Total** | **25 651 854** | **52 421 917** | **61 852 079** | **49 913 901** |

| 30 June 2016 | Up to 1 month | From 1 to 12 months | Greater than 1 year | Total |
|---|---|---|---|---|
| Other financial liabilities | 15 075 398 | 12 571 305 | 822 021 | 28 468 724 |
| Loans from other related parties | 2 005 012 | 10 171 109 | 30 886 090 | 43 062 211 |
| Finance lease liabilities | 3 859 | 42 449 | 107 904 | 154 212 |
| Deposits from customers | 183 967. | (88 672 | 116 178 | 388 817 |
| Trade and other payables | 4 075 654 | 946 114 | 577 022 | 5 598 790 |
| Bank overdraft | 5 118 006 | - | - | 5 118 006 |
| Derivative financial instruments | 341 109 | - | - | 341 109 |
| Loans from shareholders | 4 381 800 | 1 209 499 | - | 5 591 299 |
| **Total** | **31 184 805** | **25 029 148** | **32 509 215** | **88 723 168** |

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

The group has a capital raising strategy that is composed of:

- obtaining new funding lines through strategic acquisitions
- issuing local currency bonds
- obtaining concessional funding at reduced cost ring-fenced for disbursement of impact loans
- refinancing costly third party debt facilities

These capital raising strategies will mitigate any short term liquidity requirements. In the long-term, the group's net investments will deliver a positive net return, effectively allowing the group to settle its liquidity shortage.

**Capital management**

The company's objectives when managing capital, are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 8, 9, 17 & 18; cash and cash equivalents disclosed in note 15, and  as disclosed in the consolidated combined statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated combined statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated combined statement of financial position plus net debt. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2017 and 2016 respectively were as follows:

| | Notes | 2017 € | 2016 € |
|---|---|---|---|
| Loans from related parties | 9 | 37 172 211 | 21 412 530 |
| Loans from shareholders | 8 | 4 774 000 | 5 534 910 |
| Finance lease obligation | 18 | 143 336 | 133 616 |
| Other financial borrowings | 17 | 63 396 605 | 26 769 481 |
| | | **105 486 152** | **53 850 537** |
| Less: Cash and cash equivalents | 15 | 10 683 568 | 13 778 900 |
| Net debt | | 94 802 584 | 40 071 637 |
| Total equity | | 20 233 627 | 17 104 294 |
| **Total capital** | | **115 036 211** | **57 175 931** |
| Gearing ratio | | 82% | 70% |

# Notes to the Consolidated Combined Financial Statements.

## 35. Risk Management (continued)

The gearing ratio increased from 2016 as a result of the increases in the liabilities which is currently being utilised to increase the business market share. The group evaluates and manages its compliance to debt covenants monthly. Where covenants are under threat of non-compliance immediate remedial actions are taken to ensure continued compliance. The group reports these covenants to investors on a quarterly basis. The primary covenants that the Group needs to comply with include:

» A minimum net worth ratio, ensuring that the Group maintains a net asset value of two times the outstanding principal debt owing;
» Interest cover ratio, ensuring that the profit before interest and tax remains at a level of two times the total interest payable;
» Liquidity ratio, ensuring that current assets are equal to or greater than the current liabilities;
» Gearing ratio, ensuring that the net debt remains at a specified level of less than three times the total equity;
» Foreign currency risk ratio. In this ratio, the net un-hedged hard currency open position needs to be below 20% of the equity;
» Portfolio at risk (PAR) 45-day ratio. This ratio assesses the percentage of loans within the loan book that are past due more than 45 days. The ratio allows a maximum level of 15% of the total book value.

The debt exposure to TLG Capital amounting to €7 415 717 (2016: €7 658 770) were in breach of the following covenant requirements namely: the open unhedged foreign exchange rate, the interest expense cover ration and the par 45 ratio. Consequently the outstanding loan balance of TLG Capital has been classified as current.

The Company's bonds listed on the Vienna stock exchange are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfill the Consolidated Total Borrowings to Consolidated Net Worth ratio and Minimum Net Worth covenant as required in the Terms and Conditions for the Bonds issued. Due to this breach of the covenant clauses, the Company is obliged to report the breach of the Terms and Conditions. The outstanding balance is presented as a current liability as at 30 June 2017.

**Minimum capital requirements for banking regulatory requirements in Mozambique**

In June 2017, the Opportunity Bank Shareholders made a capital injection of USD3.4 million which is equivalent to 204 million MZN (Mozambique Metical). The bank is currently in discussion with potential investors in order to become the first publicly listed bank on the Mozambique Stock Exchange ("BVM") by the first quarter of 2018. Between MyBucks and the new minority shareholders of Opportunity Bank, the bank is expected to receive an additional equity injection of 200 million MZN by March 2018, which will provide a minimum of 700 million MZN in total share capital, above the 570 million MZN required by the aforementioned Central Bank Aviso for April 2018. In quarter one of 2019, Opportunity Bank has solid plans to raise additional equity among its shareholders and/or at the BVM of 500 million MZN, so that by April 2019, Opportunity Bank can have the sufficient minimum capital required of 1.14 billion MZN. To raise the additional capital needed to reach the last target of 1.7 billion MZN by April 2020, the Bank is planning to raise equity among its shareholders, or at the BVM for an additional 500 million MZN that will allow the bank to meet the capital requirement.

# Notes to the Consolidated Combined Financial Statements.

## 36. Share based payments

**Employee share option incentive scheme**

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the Consolidated Combined Statement of Profit or Loss and Comprehensive Income over the period that the services are received, which is the vesting period. MyBucks' Board of Directors approved the employee share option plan on the 1st of May 2016. Participation in the scheme is at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits.

On the 1st of May 2016, the Board of Directors granted 412 500 options in the shares of the Company with an expiry date of 30 April 2021 and an exercise price of €9.00 per share. Under the plan, participants may only exercise the share options to the extent the share options have vested based on the terms of service. As of the 30th of June 2016, MyBucks has granted options with two separate vesting schedules:

» 100,000 stock options were granted vesting 1/3rd on 1 May 2016, 1/3rd on 30 June 2016 and 1/3rd on 30 June 2017
» 312,500 stock options were granted vesting 40% on 1 May 2017, 30% on 1 May 2018 and 30% on 1 May 2019

As at 30 June 2017 there was 323 000 options outstanding (2016: 412 500). The decrease is the result of resignations of employees during the period.

**Fair value determination**

The fair value of the options granted is determined using option pricing model, which consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

| **Grant date** | **01-May-16** | **01-May-16** |
|---|---|---|
| Number of options granted | 100 000 | 312 500 |
| Exercise price | 9 | 9 |
| Vesting dates - Tranche 1 | 01-May-16 | 01-May-17 |
| Vesting dates - Tranche 2 | 30-Jun-16 | 01-May-18 |
| Vesting dates - Tranche 3 | 30-Jun-17 | 01-May-19 |
| Exercisable until | 30-Apr-21 | 30-Apr-21 |

| | **2017** | **2016** |
|---|---|---|
| **Share Option Group** | **Number** | **Number** |
| Outstanding at the beginning of the year | 412 500 | 412 500 |
| Outstanding at the end of the year | 323 000 | 412 500 |
| Vested and exercisable at the end of the year | 215 000 | 66 666 |

# Notes to the Consolidated Combined Financial Statements.

## 36. Share based payments (continued)

**Share based payment expense**

The Group recognised a share-based expense of €645 925 for the year ending 30 June 2017.

Expected share based expense going forward based on the granted options is as follows:

| | |
|---|---|
| Jun-18 | 146 866 |
| Jun-19 | 54 395 |
| | **201 261** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 37. Subsidiaries with material non-controlling interest

The following information is provided for subsidiaries with non-controlling interests which are material to the group.

The summarised financial information is provided prior to inter-company eliminations.

| Subsidiary | Country of incorporation | % ownership held by non-controlling interest 2017 | % ownership held by non-controlling interest 2016 |
|---|---|---|---|
| **GetBucks Financial Services Limited** | Zimbabwe | 49.7% | 49.7% |
| **Opportunity Bank Uganda Limited** | Uganda | 51.0% | 100% |

Opportunity Bank Uganda Limited is a newly acquired subsidiary. Refer to note 4.

| | GetBucks Financial Services | | Opportunity Bank UG |
|---|---|---|---|
| **Summarised statement of financial position** | **2017** | **2016** | **2017** |
| **Assets** | | | |
| Non current assets | 1 132 718 | 508 201 | 5 529 364 |
| Current assets | 17 944 690 | 17 996 250 | 12 648 988 |
| **Total assets** | **19 077 408** | **18 504 451** | **18 178 352** |
| **Liabilities** | | | |
| Non current liabilities | (4 475 478) | (2 267 121) | (664 119) |
| Current liabilities | (2 763 271) | (6 851 985) | (11 219 761) |
| **Total liabilities** | **(7 238 749)** | **(9 119 106)** | **(11 883 880)** |
| **Total net assets** | **11 838 659** | **9 385 345** | **6 294 472** |
| **Carrying amount of non controlling interest** | **5 871 144** | **3 335 736** | **3 210 181** |
| **Summarised statement of profit or loss and other comprehensive income** | **2017** | **2016** | **2017** |
| Revenue less impairments | 9 186 517 | 9 685 083 | 4 072 491 |
| Other income and expenses | (4 694 346) | (5 891 895) | (3 811 032) |
| Profit before tax | 4 492 171 | 3 793 188 | 261 459 |
| Tax expense | (1 156 828) | (1 077 170) | 35 270 |
| Profit/(loss) | 3 335 343 | 2 716 018 | 296 729 |
| **Total comprehensive income** | **3 335 343** | **2 716 018** | **296 729** |

| **Summarised statement of cash flows** | **2017** | **2016** | **2017** |
|---|---|---|---|
| Cash flows from operating activities | 2 757 207 | 1 743 347 | 158 131 |
| Cash flows from investing activities | (167 374) | (2 324 258) | (123 224) |
| Cash flows from financing activities | (3 030 369) | 2 240 618 | (303 257) |
| Net increase/(decrease) in cash and cash equivalents | (440 536) | 1 659 707 | (268 350) |
| Dividend paid to non controlling interest | (277 927) | (622 772) | - |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

| | 2017 € | 2016 € |
|---|---|---|

### 38. Commitments

| | 2017 € | 2016 € |
|---|---|---|
| **Operating leases - as lessee (expense)** | | |
| **Minimum lease payments due** | | |
| - within one year | 987 353 | 542 150 |
| - in second to fifth year inclusive | 1 451 901 | 699 956 |
| | **2 439 254** | **1 242 106** |
| The total future minimum sublease payment expected to be made under non-cancellable sublease | 2 439 254 | 1 242 106 |

Operating lease payments represent rentals payable by the Group for premises. No contingent rent is payable.

### 39. Related parties

| | 2017 € | 2016 € |
|---|---|---|
| **Compensation to directors and other key management** | | |
| Short-term employee benefits | **597 071** | **92 948** |

**Balances with related parties**

| **Balance** | **Nature of relationship** | **30-Jun-17** | **30-Jun-16** |
|---|---|---|---|
| Loans to related parties | Shareholders | - | 1 824 507 |
| Loans to related parties | Related parties | 15 442 183 | 4 302 392 |
| Loans from related parties | Shareholders | 4 774 000 | 5 534 910 |
| Loans from related parties | Related parties | 37 172 211 | 21 412 530 |
| | | **57 388 394** | **33 074 339** |

For the detail breakdown refer to note 8 and note 9.

Bonds listed on the Vienna Stock Exchange held by the Chairman of the board and other entities affiliated to him amounts to €1.1 million. (Note 17)

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 39. Related parties (continued)

**Transactions with related parties through profit and loss**

| | Relationship | Interest (received)/paid | | Other expenses | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | | € | € | € | € |
| **Company** | | | | | |
| Aeneas Holdings AG | Major shareholder | 13 848 | 163 317 | - | - |
| Brainworks Capital Management Limited (Mauritius) | Major shareholder | (60 684) | (38 214) | - | - |
| Sunblaze Investment Holdings | Major shareholder | 102 393 | 96 115 | - | 156 778 |
| Ecsponent Projects Proprietary Limited | Major shareholder | (705 732) | (548 173) | - | - |
| Tailored Investments Limited | Major shareholder | 419 998 | 506 253 | - | 353 805 |
| Opportunity International | Minority shareholder in OI Uganda | 18 895 | - | - | - |
| Carcharias Holdings | Mutual directors | 9 168 | 67 157 | - | 54 063 |
| Escalator Investments (Zambia) | Related party to major shareholder | 77 164 | 107 499 | - | - |
| Ecsponent Capital (RF) Limited | Mutual directors | (150 682) | (136 819) | - | - |
| Ecsponent Capital Proprietary Limited | Major shareholder | (150 217) | - | - | - |
| Ecsponent Treasury Services Proprietary Limited | Major shareholder | 2 882 036 | - | - | - |
| Mylesland Investments | Mutual directors | 41 716 | - | - | 108 127 |
| RBC CEES Trustee Limited | Mutual directors | 3 224 811 | 3 179 017 | - | - |
| Vanguard Holdings Limited | Mutual directors | 4 012 | 29 953 | - | - |
| Wheatfields Investments Proprietary Limited | Shareholder | 36 123 | 52 296 | - | - |
| Morepower investments | Related party to major shareholder | - | - | 77 307 | - |
| Brainworks Capital Management Limited (Zimbabwe) | Related party to major shareholder | (400 269) | (241 493) | - | - |
| Ecsponet Credit Services Proprietary Limited | Related party to major shareholder | - | 799 438 | - | - |
| Escalator Investments (Swaziland) | Related party to major shareholder | - | 19 068 | - | - |
| Botswana Teachers Union | Minority shareholder in TU employee benefits | - | (29 143) | - | - |
| Komo Finance Proprietary Limited | Related party | - | (4 456) | - | - |
| IBMOV Proprietary Limited | Mutual directors | - | - | - | 179 092 |
| Brainworks Capital Management Limited (Equatorial Guinea) | Minority shareholder in Equatorial Guinea | 18 954 | - | - | - |
| | | **5 381 534** | **4 021 815** | **77 307** | **851 865** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 39. Related parties (continued)

**Group structure indicating holding %**

**MyBucks S.A.**

| Ownership | Name |
|---|---|
| 100.00% | Get Bucks South Africa (Pty) Ltd |
| 100.00% | VSS Financial Services (Pty) Ltd |
| 100.00% | GetSure (Pty) Ltd |
| 100.00% | Sanceda Recoveries (Pty) Ltd |
| 75.00% | OTM Mobile (Pty) Ltd |
| 75.00% | Lyngreen Properties (Pty) Ltd |
| 100.00% | GetSure Life (Pty) Ltd |
| 95.00% | GetSure Insurance (Pty) Ltd |
| 100.00% | GetBucks Limited (Mauritius) |
| 100.00% | GetBucks Invest Gmbh (Austria) |
| 100.00% | GetBucks Uganda Limited |
| 100.00% | GetBucks Financial Services Ltd (Zambia) |
| 100.00% | GetBucks Swaziland (Pty) Ltd |
| 100.00% | Ligagu Investments (Pty) Ltd |
| 99.99% | Emu Inya Enterprises Ltd (GB Kenya) |
| 99.00% | GetBucks Ltd (Malawi) |
| 60.00% | GetBucks Ltd (Ghana) |
| 51.00% | GetBucks EG S.A. (Equatorial Guinea) |
| 50.00% | GetBucks Namibia (Pty) Ltd |

**MyBucks S.A.**

| Ownership | Name |
|---|---|
| 100.00% | GetBucks (Pty) Ltd (Botswana) |
| 85.00% | TU Employee Benefits (Pty) Ltd |
| 100.00% | CashCorp (Pty) Ltd |
| 85.00% | BU Bucks (Pty) Ltd |
| 50.00% | Ochwe Developers (Pty) Ltd |
| 100.00% | Alto Legal (Pty) Ltd |
| 100.00% | Alto Assurance (Pty) Ltd |
| 85.00% | Unionbucks (Pty) Ltd |
| 100.00% | Opportunity Tanzania Ltd |
| 100.00% | Opportunity Kenya Ltd |
| 50.25% | GetBucks Financial Services Ltd (Zimbabwe) |
| 100.00% | MyBucks Europe S.A. |
| 100.00% | GetBucks Spain SL |
| 100.00% | GetBucks Poland SP Z |
| 100.00% | GetSure Holdings (Pty) Ltd |
| 100.00% | GetSure Legal (Pty) Ltd |
| 75.00% | FairGo Finance (Pty) Ltd |
| 49.00% | Opportunity Bank UG Limited (Uganda) |
| 100.00% | Opportunity Bank S.A. (Mozambique) |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 40. Directors' emoluments

**Executive**

| 2017 | Directors' fees |
|---|---|
| Executive directors | 1 359 650 |
| Non executive directors | 361 060 |
| | **1 720 710** |

| 2016 | Directors' fees |
|---|---|
| Executive directors | 1 330 278 |
| Non-executive | 95 266 |
| | **1 425 544** |

As at 30 June 2017, 100 000 share options were held by directors of the parent entity. (2016: 100,000)

### 41. Segmental reporting

**Summary of segments**
The Group has identified its reportable segments based on geographical location of the markets served by its operations. The segments also reflect how the Group's businesses are managed and reported to the Chief Operating Decision Maker ("CODM"). The CODM primarily uses the net profit after tax to assess the performance of the operating segments. The CODM also receives monthly information about the segments' loans to clients.

As all the operating segments of the group are engaged in similar business activities the 10% criteria has been applied on total revenue to identify the reportable segments.

Other caption includes smaller countries not reported separately as they do not constitute material businesses compared to segments showed separately as they do not meet the 10% criteria defined for the reportable segments. This includes the following countries: Poland, Austria, Swaziland, Ghana, Equatorial Guinea, Namibia, Australia

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 41. Segmental reporting (continued)

| 2017 | Botswana | Kenya | Luxembourg | Malawi | Mauritius | Mozambique | South Africa | Tanzania | Uganda | Zambia | Zimbabwe | Other | Eliminations | Continued operations | Discontinued Operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 7 599 144 | 4 496 594 | (17 180) | 4 397 551 | (53 854) | 2 308 147 | 9 533 902 | 830 424 | 3 890 830 | 6 241 318 | 10 918 388 | 3 788 366 | (160 226) | 53 773 404 | 64 289 |
| Impairment of loans | (679 456) | (3 823 024) | - | (134 538) | - | (43 680) | (3 469 170) | (1 543 433) | (579 643) | 60 342 | (916 545) | (1 122 862) | 212 273 | (12 039 736) | (1 112 022) |
| Other income | 88 544 | 75 353 | - | - | 9 595 941 | 713 117 | 6 021 013 | 314 278 | 807 212 | - | 336 096 | 155 283 | (11 915 109) | 6 191 698 | - |
| Operating expenses | (5 242 424) | (2 229 109) | (8 276 979) | (2 231 406) | (5 343 845) | (3 659 223) | (9 943 521) | (1 463 189) | (3 956 080) | (2 636 765) | (5 255 991) | (2 716 406) | 15 967 642 | (36 987 296) | (506 942) |
| **Operating profit** | **1 765 808** | **(1 480 186)** | **(8 294 159)** | **2 031 607** | **4 198 242** | **(681 639)** | **2 142 224** | **(1 861 920)** | **162 319** | **3 664 895** | **5 081 948** | **104 381** | **4 104 580** | **10 938 070** | **(1 554 675)** |
| Investment revenue | 200 870 | 445 548 | 1 174 882 | 5 634 | 5 447 093 | - | 224 849 | 6 468 | 552 338 | 13 518 | 446 762 | 974 403 | (6 808 830) | 2 683 535 | 51 |
| Finance costs | (1 080 136) | (2 692 632) | (1 740 464) | (1 215 011) | (9 896 147) | (272 485) | (3 489 928) | (68 637) | (522 546) | (3 718 228) | (1 039 473) | (1 476 713) | 5 900 695 | (21 311 705) | - |
| **Profit/ (Loss) before taxation** | **886 542** | **(3 727 270)** | **(8 859 741)** | **822 230** | **(250 812)** | **(954 124)** | **(1 122 855)** | **(1 924 089)** | **192 111** | **(39 815)** | **4 489 237** | **(397 929)** | **3 196 445** | **(7 690 100)** | **(1 554 624)** |
| Taxation | (356 518) | (448 978) | (320 714) | (71 764) | (458 049) | - | 19 372 | (7 562) | 35 028 | (464 494) | (1 156 074) | 6 153 | (205 101) | (3 428 701) | (340 725) |
| **Profit/ (Loss) after taxation** | **530 024** | **(4 176 248)** | **(9 180 455)** | **750 466** | **(708 861)** | **(954 124)** | **(1 103 483)** | **(1 931 651)** | **227 139** | **(504 309)** | **3 333 163** | **(391 776)** | **2 991 344** | **(11 118 801)** | **(1 895 349)** |
| Loan book | 6 269 206 | 4 627 281 | - | 3 745 730 | - | 3 090 599 | 12 076 010 | 571 153 | 10 666 798 | 9 882 737 | 11 397 328 | 6 234 599 | (34 514) | 68 526 927 | - |
| Other assets | 8 140 855 | 8 691 114 | 126 208 632 | 3 855 281 | 43 120 347 | 6 045 823 | 20 268 714 | 641 296 | 7 529 512 | 5 068 573 | 7 529 114 | 8 210 411 | (157 159 208) | 88 150 464 | 17 327 |
| **Total segment assets** | **14 410 061** | **13 318 395** | **126 208 632** | **7 601 011** | **43 120 347** | **9 136 422** | **32 344 724** | **1 212 449** | **18 196 310** | **14 951 310** | **18 926 442** | **14 445 010** | **(157 193 722)** | **156 677 391** | **17 327** |
| **Total segment liabilities** | **(11 959 529)** | **(15 576 384)** | **(25 796 629)** | **(6 012 696)** | **(44 393 002)** | **(5 316 958)** | **(28 946 225)** | **(1 567 720)** | **(11 982 394)** | **(15 322 371)** | **(7 113 275)** | **(13 589 702)** | **53 505 445** | **(134 071 440)** | **(2 389 651)** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 41. Segmental reporting (continued)

| 2016 | Botswana | Kenya | Luxembourg | Malawi | Mauritius | Mozambique | South Africa | Tanzania | Uganda | Zambia | Zimbabwe | Other | Eliminations | Continued operations | Discontinued Operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 6 465 930 | 2 786 234 | (525) | 4 138 594 | (17 645) | - | 9 714 547 | - | (306) | 2 125 292 | 10 169 586 | 854 522 | 13 645 | 36 249 874 | 2 154 985 |
| Impairment of loans | (639 125) | (502 533) | - | (105 726) | - | - | (3 435 618) | - | (108) | (552 233) | (1 186 238) | (327 482) | - | (6 749 063) | (2 358 571) |
| Other income | 198 367 | 25 647 | - | - | 4 472 880 | - | 2 564 016 | - | - | - | - | 3 195 | (6 634 937) | 629 168 | 36 840 |
| Operating expenses | (3 959 425) | (1 534 919) | (764 606) | (2 136 044) | (3 460 484) | - | (7 037 645) | - | (23 925) | (856 283) | (4 612 072) | (677 649) | 6 012 171 | (19 050 881) | (705 578) |
| **Operating profit** | **2 065 747** | **774 429** | **(765 131)** | **1 896 824** | **994 751** | **-** | **1 805 300** | **-** | **(24 339)** | **716 776** | **4 371 276** | **(147 414)** | **(609 121)** | **11 079 098** | **(872 324)** |
| Investment revenue | 207 586 | 133 | - | 26 832 | 4 078 932 | - | 86 041 | - | - | 1 | 277 105 | 695 617 | (3 872 509) | 1 499 738 | 12 |
| Finance costs | (1 709 280) | (973 528) | (593) | (1 577 830) | (9 187 247) | - | (1 600 744) | - | (8 260) | (1 060 860) | (1 197 812) | (852 907) | 6 476 394 | (11 692 667) | (295 221) |
| **Profit/ (Loss) before taxation** | **564 053** | **(198 966)** | **(765 724)** | **345 826** | **(4 113 564)** | **-** | **290 597** | **-** | **(32 599)** | **(344 083)** | **3 450 569** | **(304 704)** | **1 994 764** | **886 169** | **(1 167 533)** |
| Taxation | (241 327) | (26 320) | 150 204 | (159 098) | (313 654) | - | (89 835) | - | - | (106 964) | (1 077 170) | (22 875) | - | (1 887 039) | 291 387 |
| **Profit/ (Loss) after taxation** | **322 726** | **(225 286)** | **(615 520)** | **186 728** | **(4 427 218)** | **-** | **200 762** | **-** | **(32 599)** | **(451 047)** | **2 373 399** | **(327 579)** | **1 994 764** | **(1 000 870)** | **(876 146)** |
| Loan book | 5 699 290 | 4 070 427 | - | 3 667 558 | - | - | 8 257 328 | - | 21 062 | 5 578 093 | 9 192 049 | 1 093 433 | 13 742 | 37 592 982 | 1 205 621 |
| Other assets | 4 166 641 | 1 276 059 | 101 054 100 | 2 211 410 | 36 843 076 | - | 6 301 830 | - | 17 476 | 2 987 383 | 8 976 224 | 8 898 010 | (126 692 021) | 46 040 188 | 483 191 |
| **Total segment assets** | **9 865 931** | **5 346 486** | **101 054 100** | **5 878 968** | **36 843 076** | **-** | **14 559 158** | **-** | **38 538** | **8 565 476** | **18 168 273** | **9 991 443** | **(126 678 279)** | **83 633 170** | **1 688 812** |
| **Total segment liabilities** | **(7 715 721)** | **(4 893 571)** | **(3 733 158)** | **(4 979 851)** | **(37 632 195)** | **-** | **(13 851 809)** | **-** | **(80 916)** | **(8 463 116)** | **(9 119 527)** | **(10 405 085)** | **34 896 613** | **(65 978 336)** | **(2 239 352)** |

# Notes to the Consolidated Combined Financial Statements.

## as at 30 June

### 42. Events after the reporting period

**Acquisition of New Finance Bank Limited**

On 24 July 2017, MyBucks S.A. announced the acquisition of 50% of New Finance Bank Limited (NFB) in Malawi, subsequent to receiving a regulatory approval from the Reserve Bank of Malawi. MyBucks agreed to acquire 2 722 222 shares in the issued share capital of NFB ("Sale Shares") from existing shareholders for a consideration of US Dollar 5 million, as well as to participate pro rata to its shareholding in a rights offer for the Bank to the amount of US Dollar 3.5 million. Total consideration based on 24 July 2017 exchange rate equates €4.3 million to be paid over a three-year term with an interest rate of three per cent per annum.

As part of the transaction, it was intended that NFB should have acquired the entire issued share capital of GetBucks Malawi in a linked acquisition. NFB did not receive a regulatory approval from the Reserve Bank of Malawi to acquire GetBucks Malawi. The Group is currently negotiating new terms to conclude the transaction. The transaction is expected to be completed in the second half of the 2018 financial year. The acquisition would allow MyBucks to launch its virtual banking offering in one of Africa's most vibrant markets.

**GetBucks Malawi**

MyBucks decided to refinance the business and further restructure the company balance sheet by selling the company's net loan book as of 31st August 2017 to New Finance Bank Limited. The outstanding loan book as of 31st August 2017 was MWK3.8 billion (€4.8 million) which was sold at a consideration of MWK4.4 billion (€5.3 million).

**Opportunity Bank Mozambique**

Opportunity Bank Mozambique announced a corporate bond that will be listed on the Mozambique stock exchange (BVM) during February 2018, pending relevant regulatory approval. The first tranche of the bond amounts to €1.29 million (MZN87 million) with the second tranche expected to amount to €2.23 million (MZN 150 million). The proceeds of the bond will be used to fund new product lines in Mozambique. The quarterly interest rate is based on the monetary policy interest rate (MIMO rate) plus five percent. The bond has a tenor of two years with a single bullet payment.

Two separate funding agreements were entered into by Opportunity Bank of Mozambique. The first one is for US Dollar 5 million (Euro 4.5 million) through Norsad Finance Limited and Euro 1.5 million through KfW Development Bank. These funding will be used to fund SMME facility loans. No draw downs have been made against these agreements as at 31 January 2018.

**Cumulative perpetual preference shares issued**

VSS Financial Services (Pty) Ltd, in South Africa, and Ecsponent Limited have entered into an agreement whereby Ecsponent will prescribe in cumulative perpetual preference shares ("Preference Share") to the value of €6.9 million (ZAR 100 million). The first tranche of 560,000 preference shares were issued on 3 January 2018 totalling €2.3 million (ZAR 33.6 million).



**IFRS 9 Financial Instruments**

MyBucks