

AFRISTRAT INVESTMENT HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ATI - ISIN: ZAE000305959

Debt Issuer Code: ATID

Hybrid Issuer Code: ATIG

("Afristrat" or "the Company")



QUARTERLY PROGRESS REPORT – 30 JUNE 2023

Holders of securities are referred to the SENS announcement dated 5 August 2022 relating to the suspension by the JSE Limited ("**JSE**") of Afristrat's securities as a result of its failure to publish its annual financial statements for the year ended 31 March 2022 within the prescribed period ("**the Suspension**").

Holders of securities are further referred to the SENS announcement dated 21 October 2022 pertaining to the urgent liquidation application filed by an ordinary shareholder against the Company ("**the Application**"), which was opposed by Company's attorneys. As set out in the announcement released on SENS on 13 June 2023, holders of securities were advised that judgement on the Application, which had been set down for hearing in the North Gauteng High Court Pretoria ("**Court**") on 8 and 9 June 2023 was reserved. Details of the negative implications that the Application has had on the Company are set out below.

In line with paragraph 1.11(c) of the JSE Listings Requirements, Afristrat is required to provide holders of securities with an update on the state of the affairs of the Company, on a quarterly basis, until the Suspension is lifted.

Accordingly, holders of securities are referred to the following announcements released on SENS (and using the terms defined therein unless otherwise stated), and relevant updates thereto:

- the 'Late submission of Annual Financial Statements update' announcement dated 5 August 2022 stating, *inter alia*, that the Company's audited annual financial statements for the year ended 31 March 2022 ("**AFS**") are only expected to be distributed on or before 30 November 2022;
- the 'Resignation of External Auditor' announcement dated 15 August 2022 advising of the resignation of Nexia with effect from 12 August 2022, which resignation would have a further negative impact on the release of Afristrat's AFS and that the Board had commenced the process of appointing new external Auditors;

The Board hereby advises that it has been going through the process of evaluating a proposal from a prospective auditor, specifically regarding the proposed fees. However, this process has been negatively affected by the Application, the outcome of which may affect the recoverability of the prospective auditor's audit fees. As a result, the process of appointing an auditor, and subsequently releasing Afristrat's AFS, has been suspended until such time that the Application has been heard in Court;

- the 'Business Update on Afristrat's listed note and equity investment in FirstCred Limited Botswana' dated 26 August 2022 advising, *inter alia*, that the Investigation initiated by FirstCred (previously Getbucks Limited Botswana), which was finalized in August 2022, revealed gross misuse of the BWP120 million raised from investors by the former management of Getbucks Limited Botswana between 2017 and 2019 and that FirstCred has since initiated civil and criminal action against former management and their associates who were found to have participated in the aforementioned loss of investors' funds, which included an amount of BWP50 million invested by Afristrat. As requested by FirstCred's existing executives, on 19 August 2022 the High Court granted an order of Judicial Management to allow the company an opportunity to resolve its debt position, which surfaced from the mismanagement and misappropriation of funds by former management;

The Judicial Management is currently ongoing and all creditors in FirstCred, including the Company, are being engaged with a view to finding an acceptable creditor compromise. Failure to find an acceptable creditor compromise will result in FirstCred being placed under liquidation. While the Board believes that the Judicial Management of FirstCred will further negatively impact the Company's liquidity, the prospects of achieving a creditor compromise through the Judicial Management will provide an opportunity to potentially recover some of its investment value,

although this will primarily be applied first towards creditors in ECS Private Equity Limited (formerly Ecsponent Botswana Limited), a wholly owned subsidiary of the Company and the holder of the BWP50 million bond investment. However, the Board is concerned that the prolonged period of Judicial Management to which FirstCred is being subjected, despite the underlying business and its operations having clearly shown that the business is a going concern, and that furthermore it had been a victim of a BWP120 million misuse of funds by the former management of Mybucks S.A (Luxembourg) who had borrowed such amount in 2017 from the then Getbucks Limited Botswana without having repaid the loan, effectively leaving a "hole" that has led to the ongoing Judicial Management;

- the 'Business update on legal actions, Event of Default, proposed debt restructuring, rationale for a capital raise and Cautionary Announcement' dated 12 May 2022 regarding, *inter alia*, the Event of Default and offers to holders of Afristrat's securities and the 'Renewal of Cautionary Announcement' announcement dated 19 September 2022 advising holders of securities that restructuring initiatives are still underway and that holders of securities should continue to exercise caution when dealing with the Company's securities.

Afristrat has been unable to make additional progress in this regard due to the Suspension and the subsequent Application. The restructuring initiatives process, which will include an offer to holders of securities, is expected to be resumed once the Suspension is uplifted and the Application has been heard.

Holders of securities are further advised that discussions on the above-mentioned matters have been suspended until judgement on the Application has been issued. The Application has had a significant negative impact on the Company, and this has specifically and negatively affected the following processes that the Company has been going through:

- i. completion of the process to appoint a new auditor, and the subsequent release of Afristrat's AFS; and
- ii. completion of the process of restructuring debts owed to certain lenders, which debts are secured with the Company's investment portfolio, namely Getbucks Microfinance Bank Limited (Zimbabwe) shareholding, Ecsponent Financial Services Zambia Limited t/a Mybucks Zambia loan book, FirstCred Limited shares, bond investment and loan book. The failure to complete the restructuring will result in a loss of assets by the Company through foreclosure by the lenders and possible liquidation of the Company's subsidiaries where the debts are sitting;

The Application's negative impact has further triggered one of the creditors of the Company to launch their own liquidation application and the matter has been set down for hearing in Court on the unopposed motion roll on 20 July 2023.

3 July 2023
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