

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" or "the Group")



QUARTERLY PROGRESS REPORT – 31 MARCH 2024

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**").

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 Company's affairs 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 regarding the distribution of the Company's audited annual financial statements for the year ended 31 March 2022 ("**AFS**") and the 'Resignation of External Auditor' announcement dated 15 August 2022 advising of the resignation of Nexia with effect from 12 August 2022.

As previously reported, the process of appointing an auditor and subsequently releasing Afristrat's AFS has been suspended.

- 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 finalised 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.

On or around 23 November 2023, the Non-Bank Financial Services Regulatory Authority (NBFIRA) in Botswana commenced instituting actions based on the Forensic Reports in the form of inquiries against persons of interest.

As previously reported, 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, have been engaged in finding an acceptable creditor compromise. Failure to find an acceptable creditor compromise will result in FirstCred being placed under liquidation.

However, on 20 March 2024 the Scheme adjudicator issued a certificate in accordance with the scheme compromise document pursuant to the aforementioned creditor compromise in respect of the claim of ECS Private Equity Limited, a wholly owned subsidiary of the Company, and approved BWP0.00 (Pula nil) against the amount claimed of BWP56,627,361.90. The Board has opposed the outcome of the adjudication decision, which did not cite the reasons for the rejection.

- the 'Business Update, Event of Default, Proposed Debt Restructuring, Capital Raise and Cautionary Announcement' dated 12 May 2022 advising, *inter alia*:
 - o that the VSS Investigation initiated by the Company which revealed that the implementation by the Former CEO of a ZAR100 million investment by the Company into a preference share structure of VSS Financial Services Proprietary Limited ("**VSS**"), a wholly owned subsidiary

of MyBucks registered in South Africa, was done in a manner inconsistent with the approved Board position at the time, which resulted in a total loss by the Company of this amount ("**VSS Preference Share Investigation**") ; and

- o of the further investigation into the activities of VSS, being the ultimate recipient of diverted funds being borrowed from the Company by MyBucks' subsidiaries in South Africa and Eswatini under misrepresentation of growing the MyBucks loan book in South Africa and Eswatini ("**VSS Investigation**").

As a result of the above, ESW Investment Group (formerly "**Ecsponent Swaziland Limited**" and an 85% subsidiary of Afristrat through MHMK Financial Services) conducted and completed its own forensic investigation to establish the utilisation of capital raised through the medium of prospectus subscription. ESW Investment Group opened criminal cases against the former management of Afristrat, and the investigation is underway. The law enforcement agencies began making arrests on 21 March 2024, which included the arrest of the former CEO of the Financial Services Regulatory Authority (FSRA) in the kingdom of Eswatini as evidence of the investigation revealed that irregular payments were made in the past.

- 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.

As reported in the 'Quarterly Progress Report – 31 December 2023' announcement and the 'Renewal of Cautionary Announcement' released on SENS on 14 December 2023 and 27 February 2024, respectively (and using the terms defined therein unless otherwise stated), Afristrat advised that the Company had been unable to make additional progress with regard to its restructuring initiatives process due to its Suspension and the Liquidation Application. The restructuring initiatives process, which included an offer to holders of securities, had been expected to be resumed once the Suspension had been lifted and the judgement regarding the Liquidation Application had been delivered. However, the going concern assessment performed by the Board indicated that:

- i. the Group is unable to continue as a going concern;
- ii. the placing of the Group under business rescue is not possible; and
- iii. the group would continue to wait for the judgement of the Liquidation Application before acting on the conclusions reached in its assessment.

As set out in the announcement released on SENS on 21 February 2024, Afristrat advised that on 20 February 2024 judgement was handed down by the Court and the Liquidation Application was dismissed with costs. The conclusions reached on the aforementioned going concern assessment were unaffected by the judgement.

As a result, on 1 March 2024, the Board resolved that the Company is unable to pay its debts and does not meet the solvency and liquidity test as set forth in section 4 of the Companies Act, 2008 (Act 71 of 2008), as amended ("**Companies Act**"), and therefore it will be just and equitable to wind up the Company.

Accordingly, it was resolved that the Company must proceed with a liquidation application in terms of section 344(f) and/or 344(h) of the Companies Act, 1973, as the Company is commercially insolvent ("**Voluntary Liquidation Application**").

However, Afristrat will not be able to proceed with its Voluntary Liquidation Application at this time as the creditor of the Company ("**Creditor Applicant**") who had launched its own liquidation application against the Company ("**Creditor Application**"), as set out in the 'Update on Liquidation Application' announcement released on SENS on 24 July 2023, intends to re-enroll the matter. The matter takes preference over the Voluntary Liquidation Application.

The Liquidation Application and the Creditor Application have had a significant negative impact on the Company, including increased legal threats and actions across its various asset holdings, and this has specifically and negatively affected the above-mentioned restructuring processes that the Company had undertaken.

The Board will continue to wait for the outcome of the Creditor Application before it can act on the conclusions reached.

28 March 2024
Centurion

Sponsor

Merchantec Capital