Finbond Group Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2001/015761/06)
Share code: FGL ISIN: ZAE00013895
(“Finbond” or “the Company” or “the Group”)

TRADING UPDATE – YEAR ENDED 28 FEBRUARY 2021

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the next period to be reported on will differ by more than 20% from that of the previous corresponding period.

In the Trading Update released by the Company on the Stock Exchange News Service (“SENS”) on 26 February 2021, the board of directors (“Board”) advised that Headline Earnings per Share will decrease to at most 0.0 cents per share and Earnings per Share will decrease to at most 0.0 cents per share for the year ending 28 February 2019 representing a percentage decrease of at least 100%.

Further to that announcement, the Board is satisfied that it now has the reasonable degree of certainty required to provide further guidance with regard to the financial results of the Group for the period under review as follows:

- Headline Earnings per share will decrease to a loss of between 22.6 cents and 24.7 cents per share, representing a percentage decrease of at least 100% compared to the profit of 10.3 cents per share reported for the prior year; and

- Earnings per share will decrease to a loss of between 32.7 cents and 34.8 cents per share, representing a percentage decrease of at least 100% compared to the profit of 10.6 cents per share reported for the prior year.

The expected decrease in **Headline Earnings per Share** was a direct reflection of the COVID-19 pandemic:

1. COVID-19 related restrictions on economic activity in Finbond’s various countries of operations continued to have an adverse impact on results for the year under review resulting in Loans advanced decreasing by 33% to R3.99 billion from R5.91 billion last year.
2. Cash, cash equivalents & liquid assets remain at healthy levels and increased by 17% to R1.60 billion from R1.36 billion last year. The significant drop in Loans advanced resulted in less Loan capital being granted, but with Collections holding firm, this led to an increase in Cash as Unsecured loans and advances were essentially converted to Cash. We are starting to see this trend reverse slowly as Sales volumes increase as the COVID-19 recovery progresses, although it is uncertain how long it will take for consumer spending and credit markets to return to more “normal” or “new normal” levels.
3. We continue to monitor this dynamic situation daily and adjust our response accordingly.
4. Stress testing (updated and monitored monthly) continues to show that Finbond remains sufficiently capitalised with appropriate liquidity levels in both mild and severe stress scenarios.
5. We remain confident that the benefits of our geographically diversified business, strong balance sheet relative to the size and scope of operations, as well as cash generating ability will continue to stand us in good stead. Finbond will continue to invest in its businesses to position them for the continued recovery period and growth beyond.

6. Importantly, Finbond believes that it faces this challenging period from a position of relative financial strength, with sufficient liquidity to both navigate the changing environment and seek out new opportunities.

The expected decrease in **Earnings per Share** is similarly COVID-19 related:

1. Please refer to the description under Headline Earnings above.

2. In addition, Earnings per Share was also affected by a R78.5 million Goodwill impairment caused by COVID-19 impacting value in use numbers in the short term. Notable that goodwill adjustments are non-cash flow.

The financial information on which this trading statement is based has not been reviewed or reported on by Finbond's auditors. Finbond's audited results for the period ended 28 February 2021 are expected to be released on SENS on or before 31 May 2021.

Pretoria
21 May 2021

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