

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 2022**

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.

Whilst some of the ranges below may be less than 20%, the Finbond Board nevertheless advises shareholders of the following:

The Board is satisfied that it has the reasonable degree of certainty required to provide the following guidance with regard to the financial results of the Group for the period under review:

- **Headline Earnings per share will increase (recover) to a loss of between 19.1 cents per share and 16.7 cents per share, representing a percentage increase of between 20% and 30% compared to the loss of 23.9 cents per share reported for the prior year.**
- **Earnings per share will increase (recover) to a loss of between 30.7 cents per share and 27.3 cents per share, representing a percentage increase of between 10% and 20% compared to the loss of 34.1 cents per share reported for the prior year; and**

As reported in Finbond's SENS announcement on 31 August 2021, Finbond's results continue to be affected by the COVID-19 pandemic. The recovery has begun, but in North America specifically has been much slower due to more stringent restrictions persisting, as well as unprecedented government consumer stimulus (in response to lower economic activity) which directly targets our lower income earning (LSM) customers. Anticipation is growing that normalization will come in the months ahead as this consumer stimulus phases out, due to; 1. inflationary pressure, 2. a shift toward infrastructure stimulus, and 3. a return to pre-pandemic US employment levels. The timing of this phase-out however remains uncertain.

Continued ramifications of regulatory changes in the State of Illinois (US) have also caused loan volumes to drop during the reporting period as the roll out of new products and initiatives to replace lost volumes have taken time to implement. For context, for the year ended February 2021, 40.0% (2020: 40.0%) of Finbond Group North America's and 26.9% (2020: 26.4%) of Finbond Group Limited's revenue was generated in the State of Illinois. We are however encouraged that the restructuring of affected Illinois subsidiaries has progressed in line with expectations, and expansion of operations outside of Illinois have commenced.

Stress testing (updated and monitored monthly) continues to show that we remain sufficiently capitalised with appropriate liquidity levels under various stress scenarios. We remain confident that the benefits of our geographically diversified business, strong balance sheet, 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.

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 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 2022 are expected to be released on SENS on or before 31 May 2022.

Pretoria  
13 May 2022

Sponsor:  
Grindrod Bank Limited