

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 9 of this Circular have, where appropriate, been used on this cover page.

If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, accountant, legal advisor or other professional advisor.

**ACTION REQUIRED**

If you have disposed of all your Shares, then this Circular, together with the attached form of proxy, should be handed to the purchaser of such Shares or to the broker, CSDP, banker or other agent through whom the disposal was affected.

Beneficial Shareholders who wish to attend the General Meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the General Meeting or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Shareholders are referred to page 5 of this Circular, which sets out the detailed action required of them in respect of the Specific Repurchase set out in this Circular.

**The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the Specific Repurchase set out in this Circular.**



**FINBOND GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE000138095  
("Finbond" or "the Company")

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**CIRCULAR TO FINBOND SHAREHOLDERS**

regarding:

- the purchase by Finbond Group Limited of a total of 340 523 358 Shares from Net1 and MIT for a total consideration of R0.2911 per Finbond Share to be implemented in accordance with sections 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act and as a specific repurchase of securities from a related party in terms of the JSE Listings Requirements; and
- the delisting of the Repurchase Shares from the JSE;

and incorporating:

- the Independent Expert's Report in respect of the Repurchase;
- a notice convening the electronic General Meeting;
- a Form of Proxy (*blue*) for use by Certificated Shareholders or Dematerialised Shareholders with "own name" registration only; and
- extracts of section 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with Dissenting Shareholders' Appraisal Rights.

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**Corporate Adviser and Sponsor**



**Independent Expert**



**Independent Reporting Accountant**



Date of issue: Thursday, 9 November 2023

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Finbond, the Corporate Advisers and Sponsor and the Transfer Secretaries whose addresses are set out in the “Corporate information and advisors” section of this Circular during normal office hours from Thursday, 9 November 2023 to Friday, 8 December 2023. This Circular will also be available on the Company’s website ([www.finbond.com](http://www.finbond.com)) from Thursday, 9 November 2023.

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## CORPORATE INFORMATION AND ADVISERS

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### Directors

Dr W van Aardt (*Chief Executive Officer*)  
GW Labuschagne (*Chief Financial Officer*)  
Dr M Motlatla# (*Chairperson*)  
SM Riskowitz#  
Adv NJ Melville#  
HJ Wilken-Jonker#  
PA Naudé#  
DC Pentz#

# *Non-executive*

\* *Independent*

### Company Secretary, Registration Number and Registered Office

Mr. B Bredenkamp (*B.Com (Accounting), LLB, MBA*)

(Registration number 2001/015761/06)  
Rigel Park  
446 Rigel Avenue  
Erasmusrand  
Pretoria  
0181  
(PO Box 2127, Brooklyn Square, 0075)

**Website:** [www.finbond.com](http://www.finbond.com)

**Date of incorporation:** 2 July 2001

**Place of Incorporation:** Pretoria, South Africa

### Corporate Adviser and Sponsor

Grindrod Bank Limited  
(Registration number 1994/007994/06)  
4<sup>th</sup> Floor, Grindrod Tower  
8A Protea Place  
Sandton  
2196  
(PO Box 78011, Sandton, 2146)

### Independent Expert

Merchantec (Pty) Ltd  
(Registration number 2008/027362/07)  
Illovo Point  
13<sup>th</sup> Floor  
68 Melville Road  
Illovo  
Sandton  
2196  
(PO Box 41480, Craighall, 2024)

### Transfer Secretaries

JSE Investor Services (Pty) Ltd  
One Exchange Square  
2 Gwen Lane  
Sandown  
Sandton  
2196  
(PO Box 4844, Johannesburg, 2000)

### Independent Reporting Accountant

BDO  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
Johannesburg  
2196  
(Private Bag x60500, Houghton, 2041)

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## **ACTION REQUIRED BY SHAREHOLDERS**

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The definitions and interpretations commencing on page 9 of this Circular have, where appropriate, been used in this section.

### **THE GENERAL MEETING**

The implementation of the Specific Repurchase is subject to, *inter alia*, Shareholders passing the requisite resolution at the General Meeting of Shareholders to be held electronically at 16:00 on Friday, 8 December 2023.

The record date, to determine who will be eligible to participate in and vote at the General Meeting, is Friday, 1 December 2023. A notice convening the General Meeting is attached to and forms part of this Circular.

The Directors have made provision for electronic participation at the General Meeting. Any shareholders that wish to participate electronically must notify the Company Secretary at [ben@finbond.com](mailto:ben@finbond.com). Shareholders that require assistance can contact the Company at 012 460 7288 or email the Company Secretary at [ben@finbond.com](mailto:ben@finbond.com). Access to the medium or means of electronic communication will be at the expense of the shareholder or proxy.

Certificated Shareholders and Dematerialised Shareholders, who have elected “own-name” registration in the sub-register of the Company maintained by a CSDP, who are unable to attend the General Meeting but who wish to be represented thereat, are requested to complete and return the relevant attached form of proxy in accordance with the instructions contained therein. The duly completed form of proxy must be received by the Transfer Secretaries by no later than 16:00 on Wednesday, 6 December 2023.

Dematerialised Shareholders who have not elected “own-name” registration in the sub-register of the Company maintained by a CSDP, and who wish to attend the General Meeting, must instruct their CSDP or broker timeously in order that such CSDP or broker may issue them with the necessary letter of representation or equivalent authority to attend the General Meeting.

Dematerialised Shareholders who have not elected “own-name” registration in the sub-register of the Company maintained by a CSDP, and who do not wish to attend the General Meeting, must provide their CSDP or broker with their instruction for voting at the relevant General Meeting in the manner stipulated in the agreement between the Shareholder concerned and the CSDP or broker governing the relationship between such Shareholder and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

If you hold your Finbond Shares (whether certificated or dematerialised) through a nominee, you should timeously make the necessary arrangements with your nominee or, if applicable, your CSDP or broker who will provide them with the necessary letter of representation to vote in terms of the agreement entered into between the shareholder and the CSDP or broker, in the manner and time periods stipulated therein.

**The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.**

## **FOREIGN SHAREHOLDERS**

This Circular has been prepared for the purposes of complying with the Companies Act and the JSE Listings Requirements and is, accordingly, published in terms thereof. The information disclosed in this Circular may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such jurisdiction, this Circular is deemed to have been provided for information purposes only and the Board accepts no responsibility for any failure by foreign Finbond Shareholders to inform themselves about, and to observe, any applicable legal requirements in any such relevant foreign jurisdiction. Foreign Finbond Shareholders who are in doubt as to their position should consult their professional advisors immediately.

## **DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

At any time before the Repurchase Resolutions are to be voted on at the General Meeting, a Shareholder may give the Company written notice objecting to the Repurchase Resolutions. In order for a Shareholder to exercise their Appraisal Rights, the Shareholder must have given notice to the Company before the vote.

Within 10 Business Days after the Company having adopted the Repurchase Resolutions, the Company must send a notice that the Repurchase Resolutions have been adopted to each Shareholder who gave the Company written notice of objection and has neither withdrawn that notice nor voted in favour of the Repurchase Resolutions.

A Shareholder who has given the Company written notice objecting to the Repurchase Resolutions, who is present at the General Meeting and votes against the Repurchase Resolutions and has complied with all of the procedural regulations set out in section 164 of the Companies Act may, if the Repurchase Resolutions have been adopted, then demand in writing within:

- 20 Business Days after receipt of the notice referred to above; or
- if the Shareholder does not receive the notice from the Company referred to above, 20 Business Days after learning that the Repurchase Resolutions have been adopted,

that the Company pay the Shareholder the fair value for all the Finbond Shares held by that Shareholder. A more detailed explanation of the Dissenting Shareholders' Appraisal Rights is contained in Annexure 7 to this Circular.

Shareholders are advised that if Finbond receives written notice from any Finbond Shareholder objecting to the Repurchase Resolutions, the Company will also propose the Revocation Resolutions to Finbond Shareholders, as set out in the notice of General Meeting. In terms of the Revocation Resolutions, in the event of the Repurchase Resolutions being approved by Finbond Shareholders, the Repurchase not becoming unconditional for whatever reason, Finbond making an announcement in writing to Finbond Shareholders to the effect that the Repurchase shall not be continued or pursued any further, made unconditional or revived, and any Dissenting Shareholders having exercised their Appraisal Rights, the Repurchase Resolutions will be revoked with effect from the date of the aforesaid announcement. Dissenting Shareholders who have exercised Appraisal Rights shall have no rights to be paid the fair value of their Finbond Shares because the Repurchase did not, and shall not, become effective.

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## IMPORTANT DATES AND TIMES

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The definitions and interpretations commencing on page 9 of this Circular have, where appropriate, been used in this section.

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Record date for determining which Shareholders are entitled to receive this Circular and notice of General Meeting	Friday, 3 November 2023
Circular posted to Shareholders and notice convening the General Meeting released on SENS on	Thursday, 9 November 2023
Last day to trade in Finbond Shares in order to be recorded in the Register on the Voting Record Date on <sup>3</sup>	Tuesday, 28 November 2023
Voting Record Date to be entitled to attend, participate in and vote at the General Meeting being 16:00 on	Friday, 1 December 2023
Last day for receipt of proxies for the General Meeting by 16:00 on <sup>4</sup>	Wednesday, 6 December 2023
Last date and time for Finbond Shareholders to give notice in terms of section 164 of the Companies Act objecting to the Special Resolution approving the Repurchase by 16:00 on	Friday, 8 December 2023
Finbond Shareholders' General Meeting to be held at 16:00 on	Friday, 8 December 2023
Results of the General Meeting released on SENS on	Monday, 11 December 2023
Results of the General Meeting published in the press on	Tuesday, 12 December 2023
<b>If the Repurchase is approved by Shareholders at the General Meeting:</b>	
Last date on which Shareholders who voted against the Special Resolution may require Finbond to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the Repurchase Resolutions were opposed by at least 15% of the voting rights exercised thereon	Monday, 18 December 2023
Last date on which Shareholders who voted against the Special Resolution may make application to the court in terms of section 115(3)(b) of the Companies Act for leave to apply for a review of the Repurchase, as the case may be	Wednesday, 27 December 2023
Last date for Finbond to send objecting Shareholders notice of the adoption of the Repurchase Resolutions, in terms of section 164(4) of the Companies Act	Wednesday, 27 December 2023
Last date on which Shareholders who validly exercised their Appraisal Rights in terms of section 164 of the Companies Act to deliver written demand to Finbond to pay fair value for their Shares (for purposes of clarity, this demand must be delivered to Finbond within 20 Business Days of receipt of the notice of adoption referred to immediately above, or if any Shareholder did not receive such notice, within 20 Business Days of them learning that the Repurchase Resolutions had been adopted) on	Friday, 12 January 2024
<b>If no Shareholder exercises their rights in terms of section 115(3)(a) and (b) of the Companies Act, then the following are the anticipated relevant dates and times:</b>	
Compliance certificate anticipated to be received from the TRP on	Thursday, 28 December 2023
Finalisation announcement released on SENS on	Thursday, 28 December 2023
Finalisation announcement published in the press on	Friday, 29 December 2023
Expected implementation date of the Repurchase on or about	Friday, 29 December 2024
Delisting application letter lodged with the JSE for the delisting of the Repurchase Shares	Friday, 29 December 2023
Expected termination of listing of Repurchase Shares at the commencement of trading on or about	Friday, 5 January 2024

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### Notes:

1. All dates and times are local South African times and are subject to change. Any change will be released on SENS and published in the press. Changes may be subject to approval by the JSE and/or TRP.
2. Shareholders are referred to Annexure 7 of this Circular (which contains a summary of the Dissenting Shareholders' Appraisal Rights) regarding rights afforded to Finbond Shareholders.
3. Finbond Shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Finbond Shares after the voting last day to trade will not be eligible to vote at the General Meeting.

4. If a form of proxy is not received by the time and date shown above or not less than 48 hours before recommencement of any adjourned or postponed meeting, it may be handed to the Chairman of the General Meeting not later than ten minutes before the General Meeting is due to commence or recommence.



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## DEFINITIONS AND INTERPRETATIONS

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Throughout this Circular and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

“Act” or “Companies Act”	the Companies Act 2008, (Act No. 71 of 2008), as amended;
“Appraisal Rights”	the rights afforded to Finbond Shareholders in terms section 164 of the Companies Act, as set out in Annexure 7 of this Circular;
“BDO” or “Independent Reporting Accountants”	BDO South Africa Inc (Registration Number: 1995/002310/21), a company duly registered and incorporated in accordance with the Laws of South Africa;
“Board” or “Directors”	the board of directors of Finbond, as set out in the corporate information and advisers section of this Circular;
“Broker” or “Stockbroker”	any person registered as a "broking member (equities)" in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day of the week, excluding Saturdays, Sundays and all official public holidays in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares that have not been dematerialised, the title to which is represented by a physical document of title;
“Circular”	this bound document, dated Thursday, 9 November 2023, including the annexures hereto;
“Concert Parties”	Net1 and MIT, who are participating in the Repurchase and who are acting in concert, or are presumed to be acting in concert, with Finbond in terms of the Takeover Regulations;
“Corporate Adviser and Sponsor” or “Grindrod Bank”	Grindrod Bank Limited (Registration number 1994/00794/06), a public company incorporated and registered in South Africa, the corporate adviser and sponsor to Finbond;
“CSDP”	Central Securities Depository Participant, being a participant as defined in section 1 of the Financial Markets Act;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares that have been Dematerialised in accordance with Strate and which shareholding is recorded electronically;
“Dissenting Shareholder”	the Finbond Shareholders who validly exercise their Appraisal Rights by, among other things, objecting to the Repurchase Resolutions and by demanding, in terms of sections 164(5) and 164(8) of the Companies Act, that Finbond pay to them the fair value of their Finbond Shares;
“Documents of title”	share certificates and/or certified transfer deeds and/or balance receipts or any other document of title in respect of Finbond Shares;
“Financial Markets Act”	Financial Market Act, 2012 (Act No. 19 of 2012), as amended;
“Finbond” or “Company” or “Group”	Finbond Group Limited (Registration number 2001/015761/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on main board of the exchange operated by the JSE, and its Subsidiaries, referred to collectively;
“Finbond Shareholders” or “Shareholders”	all registered holders of Finbond Shares;
“Finbond Shares” or “Shares”	the ordinary no par value shares in the capital of the Company;
“Firm Intention Announcement”	the announcement released on SENS on 1 November 2023 advising Shareholders of the intention to repurchase the Repurchase Shares;
“General Meeting”	the general meeting of Shareholders to be held electronically at 16:00 on Friday, 8 December 2023, for the purpose of considering and, if deemed appropriate, approving the Specific Repurchases;

“IFRS”	International Financial Reporting Standards published by the International Accounting Standards Board;
“Independent Board”	the Finbond independent board of directors, constituted in terms of the Takeover Regulations, comprising Dr MDC Motlatla, D Pentz and P Naudé, constituted for the purpose of the Transaction, as contemplated in Regulation 108 of the Takeover Regulations;
“Independent Expert Report”	the Independent Report provided to the Independent Board in terms of section 114(2) of the Companies Act, confirming that the Independent Expert has considered the terms and conditions of the Transaction and is of the opinion that the terms and conditions of the Transaction are fair and reasonable to Shareholders, as more fully detailed in Annexure 1 attached to this Circular;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, which is licensed to operate as an exchange under the Financial Markets Act;
“JSE Investor Services” or “Transfer Secretaries”	JSE Investor Services South Africa (Pty) Ltd (Registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa, being the Transfer Secretaries of Finbond;
“Last Practicable Date”	Tuesday, 31 October 2023 the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE;
“Merchantec” or “Independent Expert”	Merchantec (Pty) Ltd (Registration number 2008/027362/07), a private company incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” Section, the Independent Expert to advise on the Transaction and to compile a report in terms of section 114 of the Companies Act to the Independent Board concerning the Transaction; and
“MIT”	Massachusetts Institute of Technology, a private land-grant research university incorporated in accordance with the laws of the United States of America, and a 18.07% Shareholder of Finbond as at the Last Practicable Date, including shares held through 238 Plan Associates LLC, a limited liability company incorporated in accordance with the laws of the United States of America;
“MOI”	the memorandum of incorporation of Finbond;
“Net1”	Net1 Finance Holdings Proprietary Limited (Registration number 1998/020801/07), a private company registered and incorporated in terms of the laws of South Africa, and a 24.97% Shareholder of Finbond as at the Last Practicable Date;
“Rand” or “R” or “ZAR” or “cents”	South African Rand and cents, the official currency of South Africa;
“Register”	register of Shareholders, including all sub-registers;
“Related Party”	Net1 and MIT are material shareholders of Finbond and therefore related parties to Finbond in terms of section 5.69 (e) of the JSE Listings Requirements;
“Repurchase” or “Transaction”	the proposed repurchase by Finbond of 220 523 358 Finbond Shares from Net1 and 120 000 000 Finbond Shares from MIT, resulting in the repurchase of a total of 340 523 358 Finbond Shares in terms of the Share Repurchase Agreements;
“Repurchase Conditions”	the conditions precedent to the Repurchase listed in paragraph 3;
“Repurchase Consideration”	29.11 cents per Repurchase Share, totalling an aggregate of R99,126,349.52 for the Repurchase Shares;
“Repurchase Participants”	Net1 and MIT as the shareholders participating in the Repurchase;
“Repurchase Resolutions”	Special Resolution Number 1 and Special Resolution Number 2 to approve the Repurchase in terms of sections 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act and paragraph 5.69 of the JSE Listings Requirements to be proposed at the General Meeting, the full terms of which are set out in the notice of General Meeting attached to and forming part of this Circular;
“Repurchase Shares”	340 523 358 Finbond Shares (representing approximately 38.55% of the total issued Finbond Shares), 220 523 358 held by Net1 (all of the Finbond Shares held by Net1) and 120 000 000 held by MIT (a portion of the Finbond Shares held by MIT as detailed in paragraph 17 of this circular);

“Revocation Resolution”	Special Resolution Number 3 as set out in the notice of General Meeting;
“SENS”	Stock Exchange News Service of the JSE;
“Share Repurchase Agreements”	the Share Repurchase Agreements signed on 10 August 2023, in terms of which Finbond has agreed, subject to the fulfilment of the Repurchase Conditions, to repurchase the Repurchase Shares held by Net1 and MIT for the Repurchase Consideration and on the terms set out in paragraph 3 of this Circular, by way of an on-market report-only block trade;
“South Africa” or “SA”	Republic of South Africa;
“Strate”	Strate (Pty) Limited (Registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa which is a registered central securities depository in terms of the Financial Markets Act, which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Subsidiary”	a subsidiary of Finbond as defined in the Companies Act;
“Takeover Regulations”	the Takeover Regulations issued in terms of section 120 of the Companies Act, as amended;
“Treasury Shares”	89 118 708 Finbond Shares held as treasury shares by a subsidiary of Finbond;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“VAT”	Value-Added Tax;
“Voting Record Date”	the day on which Finbond Shareholders must be registered in the Register in order to vote at the General Meeting, being Friday, 1 December 2023;
“VWAP”	the volume weighted average price at which Finbond Shares traded over the 30-day period prior to any relevant date.



**FINBOND GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE000138095  
("Finbond" or "the Company")

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## **CIRCULAR TO SHAREHOLDERS**

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### **1. INTRODUCTION**

In the announcement released on SENS on 11 August 2023 and the Firm Intention Announcement released on 1 November 2023, Finbond advised shareholders of the proposed Repurchase in terms of which it will repurchase a total of 340 523 358 Finbond Shares, 220 523 358 from Net1 and 120 000 000 from MIT, for a consideration of 29.11 cents per Repurchase Share.

Implementation of the Repurchase is subject to the fulfilment of the Repurchase Conditions including, among others, approval of the Repurchase Resolutions by Shareholders on or before the date stipulated therein for their fulfilment or waiver.

As the Repurchase constitutes a repurchase by Finbond of more than 5% of the entire issued ordinary share capital of Finbond, it is required that the Repurchase be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act and given that it constitutes a specific repurchase and from a related party as defined in terms of the JSE Listings Requirements, it must comply with and be approved in terms of paragraph 5.69 of the JSE Listings Requirements.

The Repurchase Consideration represents a 19% discount to the 30 business day volume weighted average price up to Wednesday, 9 August 2023 (the date prior to the date on which the Repurchase Consideration was agreed between the parties), no fairness opinion is required in terms of section 5.69(e) of the JSE Listings Requirements. A fair and reasonable opinion is however required in terms of sections 48(8), 114 and 115 of the Companies Act.

The purpose of this Circular is to provide Shareholders with relevant information regarding the Repurchase, including, among others, the Independent Expert's report, and to advise Shareholders of the Independent Board's opinion in respect of the Repurchase and to give notice convening the General Meeting in order for Shareholders to consider and, if deemed fit, pass with or without modification the Repurchase Resolutions. In addition, the Circular is intended to inform Shareholders of their Appraisal Rights and the manner in which Finbond Shareholders should exercise these rights should they wish to do so.

### **2. RATIONALE**

The Repurchase is ultimately to the benefit of Finbond shareholders in that the delisting of such shares results in the removal of the Repurchase Shares from the share capital of the Company at an attractive price (i.e. a decrease in the aggregate number of Finbond Shares from 883 243 450 ordinary shares of no par value to 542 720 092 ordinary shares of no par value).

The Repurchase is considered an appropriate allocation of capital as the impact of the Repurchase and cancellation of the Repurchase Shares are expected to enhance net asset value per Finbond Share.

The reduction in the number of Finbond Shares in issue will also have the effect of increasing the holdings of the Company's existing shareholders.

### 3. TERMS OF THE SPECIFIC REPURCHASE

Subject to the fulfilment of the Repurchase Conditions, Finbond wishes to implement the Repurchase in terms of sections 48(8), 114 and 115 of the Companies Act and paragraph 5.69 of the JSE Listings Requirements, and on the terms and subject to the conditions set out below.

The implementation of the Repurchase is subject to the fulfilment of the following Repurchase Conditions on or before 31 December 2023:

- all resolutions required to implement the Repurchase in terms of section 48(8)(b) and 115(2)(a) of the Companies Act, and paragraphs 5.67(C) and 5.69(b) of the JSE Listings Requirements, have been approved by the requisite majority of Finbond shareholders;
- all approvals, consents and/or waivers, as may be required in terms of the Companies Act, the Takeover Regulations, the JSE Listings Requirements and any other applicable laws in order for the Repurchase to be implemented have been obtained, other than the issue of the compliance certificate by the TRP in terms of section 119(4)(b) of the Companies Act, provided that if such approval is granted conditionally, this Repurchase Condition shall not be regarded as having been fulfilled unless before such date the Company gives notice to the effect that such conditions and terms are acceptable to the Company (in its discretion);
- publication of the required announcements and distribution of the required circulars; and
- obtaining the required external opinions and internal approvals.

The Repurchase Conditions are not capable of being waived.

In order to comply with Regulation 102(13) of the Companies Regulations, Finbond, Net1 and MIT have agreed that notwithstanding the fulfilment of the Repurchase Conditions, the Repurchase shall not be implemented unless and until the TRP has issued a compliance certificate in respect of the Repurchase in terms of section 119(4)(b) of the Companies Act.

The date for fulfilment of any Repurchase Condition Precedent may be extended by agreement between Finbond and Net1 or Finbond and MIT from time to time as approved by the TRP and the JSE (if and to the extent such approvals are required).

In the event that the Repurchase Conditions are fulfilled and the Repurchase becomes operative and is implemented in accordance with its terms, the Repurchase Shares will be repurchased for the Repurchase Consideration and an application will be made to the JSE for the termination of the listing of the Repurchase Shares on or about Wednesday, 10 January 2024.

The Repurchase will terminate with immediate effect if all of the Repurchase Conditions Precedent have not been fulfilled on or before the relevant date for fulfilment.

In the event that there are Dissenting Shareholders, the Revocation Resolution, as set out in the notice of General Meeting, will be put to Shareholders for approval. The Revocation Resolution provides that in the event that the Repurchase Resolutions are approved but the Repurchase does not become unconditional or is otherwise not implemented for whatsoever reason, the Repurchase Resolutions will be revoked in terms of section 164(9)(c) of the Companies Act and the Finbond Shares held by the Dissenting Shareholders will not be purchased by Finbond in terms of section 164 of the Companies Act.

Finbond is incorporated and registered in South Africa and there are no exchange control regulations implications or approvals required in respect of the Repurchase.

#### 4. FINANCIAL INFORMATION

The Repurchase will be funded out of the Group's available cash resources.

Settlement of the Repurchase Consideration will be implemented in full in accordance with the terms of the Repurchase without regard to any lien, right of set-off, counterclaim, other analogous right to which the Company may otherwise be, or claim to be, entitled against Net1 and/or MIT.

##### 4.1 *Pro forma* Financial Information

The table below sets out the *pro forma* financial effects of the Repurchase on the financial position of Finbond, to assist Shareholders in assessing the impact of the Repurchase on, *inter alia*, the earnings per Share, headline earnings per Share, diluted earnings per Share, diluted headline earnings per Share, net asset value per Share and tangible net asset value per Share.

The published numbers have been extracted, without adjustment, from Finbond's unaudited interim results for the six-month period ended 31 August 2023 as published on SENS on 20 October 2023, which can be accessed on Finbond's website at [www.finbond.com](http://www.finbond.com), and will be available for inspection at the registered office of Finbond as set out in paragraph 25 of this circular.

The consolidated *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The consolidated *pro forma* financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Listing Requirements of the JSE, the Companies Act No. 71 of 2008 and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those applied in the unaudited interim consolidated results of Finbond for the six-month period ended 31 August 2023.

The consolidated *pro forma* financial information has been prepared for illustrative purposes only, based on current information available to management of Finbond, in order to provide information about the financial results and position of Finbond. Due to its nature, the consolidated *pro forma* financial information may not fairly present Finbond's financial position, changes in equity and results of operations or cash flows after the impact of the Repurchase, and are based on the assumptions that:

- i. the Repurchase date is assumed to be 1 March 2023 for the purposes of the consolidated statement of profit and loss and other comprehensive income and 31 August 2023 for the purposes of the consolidated statement of financial position;
- ii. for the purpose of calculating basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share, the Repurchase date is assumed to be 1 March 2023; and
- iii. for the purpose of calculating consolidated net asset value per share and consolidated net tangible asset value per share, the Repurchase date is assumed to be on 31 August 2023. The accounting policies of Finbond that were applied in the unaudited interim consolidated results for the six month period ended 31 August 2023 have been used in calculating the consolidated *pro forma* financial effects.

The Independent Reporting Accountant's assurance report on the consolidated *pro forma* financial information is set out in Annexure 3 of this circular.

	Unaudited results before the Repurchase	Pro forma results after the Repurchase	% Change
Basic loss per Share (cents)	(2.4)	(4.7)	(96)
Diluted loss per Share (cents)	(2.4)	(4.7)	(96)
Headline loss per Share (cents)	(2.3)	(4.5)	(97)
Diluted headline loss per Share (cents)	(2.3)	(4.5)	(97)
Net asset value per Share (Rand)	142	227	60
Net tangible asset value per share (Rand)	19	11	(41)

#### 4.2 Historical Financial Information

Extracts of the published, audited consolidated annual financial statements of the Company for the three years ended 28 February 2023, 28 February 2022 and 28 February 2021 and the interim period ended 31 August 2023 are included in Annexure 4 and 5 attached to this Circular. The full audited annual financial statements and interim financial statements are available on the Company's website at [www.finbond.com](http://www.finbond.com) and will be sent to Shareholders upon request.

#### 5. CONFIRMATION OF CASH RESOURCES

The Company is required to provide a bank guarantee to the TRP from a South African registered bank unconditionally and irrevocably guaranteeing settlement of the full Repurchase Consideration. The Company has obtained and delivered to the TRP a bank guarantee issued by Absa Bank Limited (registration number 1986/004794/06) for the full Repurchase Consideration, being R99,126,349.52, in accordance with Regulations 101(7)(b)(vi) and 111(4) of the Companies Regulations.

#### 6. SOLVENCY AND LIQUIDITY AND WORKING CAPITAL STATEMENT

A resolution has been passed by the Board in terms of section 46 of the Companies Act that having applied the solvency and liquidity test as set out in section 4 of the Companies Act (the "solvency and liquidity test"), it has satisfied itself that at the date of the resolution being passed that it reasonably appears, and it has thus reasonably concluded, that the Company will satisfy the solvency and liquidity test, immediately after implementation of the Repurchase.

Furthermore, in line with the JSE Listings Requirements, the Directors, having considered the effect of the Repurchase, consider that there are reasonable grounds for believing that:

- the Company and the Group will be able, in the ordinary course of business, to repay their debts for a period of 12 months after the date of issue of this Circular;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of issue of this Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited Company and Group financial statements;
- the ordinary capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of issue of this Circular; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of issue of this Circular.

## 7. INTENTION REGARDING THE CONTINUATION OF THE BUSINESS OF FINBOND

There will be no change regarding the continuation of the business the Group, nor will there be a change in the continuation in the office of the Directors of Finbond as a result of the implementation of the Repurchase.

## 8. SHARE TRADING HISTORY

Annexure 6 to this Circular sets out the aggregate volumes, dates and prices of the Finbond Shares traded on the JSE (i) for each trading day during the 30-day period ended on the Last Practicable Date and (ii) for each month over the previous 12 months prior to the Last Practicable Date of issue of this Circular.

## 9. GENERAL MEETING

The General Meeting of Shareholders will be held electronically at 16:00 on Friday, 8 December 2023 to consider and, if deemed fit, to pass, with or without modification, the Repurchase Resolutions and the Revocation Resolutions.

A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolution to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.

## 10. EXCLUDED SHAREHOLDERS AND VOTING REQUIREMENTS

The following persons are participating in the Repurchase and are acting in concert, or are presumed to be acting in concert, with Finbond in terms of the Companies Regulations:

- Net1;
  - MIT; and
  - Including any associated entities of Net1 or MIT in terms of the Listings Requirements
- (the "Excluded Shareholders")

Finbond Shares held by the Excluded Shareholders will accordingly be excluded from voting on the Repurchase Resolutions, as follows:

- Net1, being the holder of a portion (220 523 358) of the Repurchase Shares, will be excluded from voting on Special Resolution 1, related to the repurchase of its shares; and
- MIT, being the holder of a portion (120 000 000) of the Repurchase Shares, will be excluded from voting on Special Resolution 2, related to the repurchase of its shares.

The Treasury Shares will be excluded from voting on the Repurchase Resolutions and the Revocation Resolution.

The Repurchase Resolutions, as set out in the notice of General Meeting, are subject to the approval of more than 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting and who are entitled to vote (excluding the relevant Excluded Shareholders and the Treasury Shares) in terms of the Companies Act. The Revocation Resolution as set out in the notice of General Meeting, is subject to the approval of more than 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting and who are entitled to vote (excluding the Treasury Shares) in terms of the Companies Act.

The Treasury Shares and Finbond Shares held by the relevant Excluded Shareholders will not be entitled to vote on the respective Repurchase Resolutions. The Treasury Shares and relevant Excluded Shareholders will accordingly be excluded from calculating whether the Repurchase Resolutions have been adopted by the requisite majority of Finbond Shareholders.



A quorum for the purposes of considering the Repurchase Resolutions and the Revocation Resolution shall comprise 25% of the total number of votes exercisable by Finbond Shareholders, excluding the Treasury Shares and the relevant Excluded Shareholders in the case of the Repurchase Resolutions and excluding the Treasury Shares in the case of the Revocation Resolution.

#### 11. IRRECOVABLE UNDERTAKINGS TO VOTE ON SPECIAL RESOLUTION NUMBER 1

Finbond has procured irrevocable letters of undertaking (“Irrevocable Undertakings”) from the following Shareholders to vote in favour of Special Resolution Number 1, required to implement the Repurchase:

Name of Shareholder	Number of shares held directly	Number of shares held indirectly	% of Total Shares Eligible to Vote on Special Resolution 1
Kings Reign Investments (Pty) Ltd	186 656 275	0	32.54
Protea Asset Management LLC	90 353 135	0	15.75
Total	277 0098 410	0	48.29

*\* Based on there being 573 601 384 Finbond shares eligible to vote on the Special Resolution 1.*

#### 12. OPINIONS AND RECOMMENDATIONS

The Board constituted the Independent Board in accordance with the Companies Act and Takeover Regulations. The Independent Board has appointed the Independent Expert (which meets the requirements set out in section 114(2) of the Companies Act) to advise it on the Transaction and to compile a report in terms of section 114 of the Companies Act to the Independent Board concerning the Transaction. Accordingly, the Independent Board has appointed the Independent Expert to provide the requisite opinions.

The Independent Expert has considered the terms and conditions of the Repurchases and based upon and subject to the conditions set out in the Independent Expert Report in Annexure 1 of this Circular, is of the opinion that the terms and conditions of the Repurchases based on quantitative considerations are unfair, but reasonable based on qualitative considerations to the Repurchase Participants. However, based on quantitative and qualitative considerations, are fair and reasonable, respectively to the remaining Finbond Shareholders, excluding the Repurchase Participants.

The Independent Board, taking into account the opinion of the Independent Expert, has considered the terms and conditions of the Transaction and is of the opinion that the terms and conditions are unfair but reasonable to the Repurchase Participants and fair and reasonable to the remaining Finbond Shareholders. In forming its opinion, the Independent Board considered the factors which are difficult to quantify or are unquantifiable (as contemplated in Regulation 110(6) of the Takeover Regulations) as identified in the Independent Expert’s Report. The Independent Board is not aware of any other factors which are difficult to quantify or unquantifiable by the Independent Board when formulating its opinion.

For reasons outlined in the “Rationale for the Repurchase” (paragraph 2 of the Circular) and given the fairness opinions provided by the Independent Expert, the Independent Board recommends that Shareholders vote their shares in favour of the Repurchase Resolutions set out in the notice of General Meeting.

#### 13. BOARD RESPONSIBILITY STATEMENT

The Board, collectively and individually, accepts responsibility for the accuracy of the information given in this Circular and certifies that, to the best of its knowledge and belief, the information contained in this

Circular is true, that no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law, the Companies Act, the Takeover Regulations, and the JSE Listings Requirements.

#### 14. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board, collectively and individually, accepts responsibility for the accuracy of the information given in this Circular and certify that, to the best of its knowledge and belief, the information contained in this Circular is true, that no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law, the Companies Act, the Takeover Regulations, and the JSE Listings Requirements.

#### 15. DIRECTOR INTERESTS IN FINBOND SHARES AND ARRANGEMENTS

The table below sets out the direct and indirect beneficial holdings of shares by the Directors (and their associates) in the share capital of the Company as at the Last Practical Date.

Director	Total Before the Transaction			Total After the Transaction		
	Indirect	Direct	% Holding	Indirect	Direct	% Holding
Dr W van Aardt	186 656 275	–	21.13	186 656 275	–	34.39
SM Riskowitz	105 590 321	1 167 000	12.09	105 590 321	1 167 000	19.66
NJ Melville	-	333 333	0.04	-	333 333	0.06
DC Pentz	-	256 405	0.03	-	256 405	0.05
<b>Total</b>	<b>292 246 596</b>	<b>1 756 738</b>	<b>33.29</b>	<b>292 246 596</b>	<b>1 756 738</b>	<b>54.15</b>

There are no material provisions of an abnormal nature in respect of the Directors' service contracts which require specific disclosure and no service contracts have been entered into or have been amended in the six months before the Last Practicable Date.

In the six months preceding the date of the Share Repurchase Agreements and ending on the Last Practical Date, the following Directors have traded in Finbond Shares:

Director	Number of ordinary shares			Nature of Transaction	Date of Transaction	Price per Share
	Indirect	Direct	% of total shares			
SM Riskowitz	72 991 237	–	8.26	on market purchase	9 June 2023	25 cents
NJ Melville	-	333 333	0.04	on market purchase	28 February 2023	30 cents
<b>Total</b>	<b>72 991 237</b>	<b>333 333</b>	<b>8.30</b>			

The remuneration of the Directors will not be affected by the implementation of the Repurchase.

## 16. SHARE CAPITAL OF FINBOND

The authorised and issued share capital of the Group at the Last Practical Date before the Repurchase is as follows:

<i>Authorised</i>	R'000
2 000 000 000 ordinary shares of no par value	–
<i>Issued</i>	
883 243 450 ordinary shares of no par value	1 097 219
89 118 708 treasury shares of no par value	132 472

The authorised and issued share capital of the Group after the Repurchase is expected to be as follows:

<i>Authorised</i>	R'000
2 000 000 000 ordinary shares of no par value	–
<i>Issued</i>	
542 720 092 ordinary shares of no par value	998 093
89 118 708 treasury shares of no par value	132 472

All the authorised and issued shares rank *pari passu* in every respect.

The unissued shares are under the control of the Directors subject to the provisions of the Companies Act and the JSE Listings Requirements.

## 17. MAJOR BENEFICIAL SHAREHOLDERS

Insofar as is known to Finbond, the Shareholders directly or indirectly beneficially interested in 5% or more of Finbond Shares, together with the amount of each such Shareholder's interest is set out in the table below:

Shareholder	Number of Finbond Shares held directly	Number of Finbond Shares held indirectly	Total number of shares before the Repurchase	% of Finbond Shares in Issue before the Repurchase	Total number of shares after the Repurchase	% of Finbond Shares in Issue after the Repurchase
Net1 Finance Holdings (Pty) Ltd	220 523 358	-	220 523 358	24.97	-	-
Massachusetts Institute of Technology	151 468 987	8 138 700	159 607 687	18.07	39 607 687	7.30
Kings Reign Investments (Pty) Ltd*	186 656 275	-	186 656 275	21.13	186 656 275	34.39
Finbond Private Equity	89 118 708	-	89 118 708	10.09	89 118 708	16.42
Protea Asset Management LLC**	90 353 135	-	90 353 135	10.23	90 353 135	16.65
<b>Total</b>	<b>738 120 463</b>	<b>8 138 700</b>	<b>746 259 163</b>	<b>84.49</b>	<b>405 735 805</b>	<b>74.76</b>

\* Kings Reign Investments (Pty) Ltd is an associate entity of a director, Dr W van Aardt.

\*\* Protea Asset Management LLC is an associate entity of a director, SM Riskowitz

**18. MATERIAL CHANGES**

There have been no material changes in the financial or trading position of the Group since the end of the last financial period, for which the latest unaudited interim results for the six months ended 31 August 2023 were published and as at the Last Practicable Date.

**19. MATERIAL CONTRACTS**

Other than the Irrevocable Undertakings, no agreement exists between Finbond and any of the Directors, or persons who were Directors within the preceding 12 (twelve) months; or holders of Shares or persons who were holders of Shares within the preceding 18 months, or any concert party of the Company, which agreement is considered to be material to the decision to be taken by the Shareholders regarding the Repurchase. Furthermore, there are no restrictive funding arrangements or contracts entered into otherwise than in the ordinary course of the business by Finbond or any of its subsidiaries, which are material to Finbond and which were entered into within the two years prior to the Last Practicable Date; or any time and containing an obligation or settlement that is material to Finbond or its subsidiaries as at the Last Practicable Date.

**20. LITIGATION STATEMENT**

The Directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past (being the previous 12 months) a material effect on the Group's financial position.

**21. MATERIAL RISKS**

The material risks, available in the "Risk Management Framework" as set out on pages 50 to 58 of the 28 February 2023 integrated annual report and note 37 of the audited annual financial statements for the year ended 28 February 2023, remain unchanged. The integrated annual report and audited financial statements and can be accessed on the Company's website: [www.finbond.com](http://www.finbond.com).

**22. DIRECTORS INTEREST IN TRANSACTION**

None of the current Directors nor any former Directors who have resigned as Directors of Finbond during the past 18 months have any interest in the Transaction as contemplated in this Circular nor in any other transaction by Finbond that was effected during the current or immediately preceding financial year, which remains in any material respect outstanding or unperformed, other than as disclosed in paragraph 15 above.

## 23. PRELIMINARY EXPENSES AND COST OF THE REPURCHASE

The costs that are expected or have been provided for in connection with the Repurchase are set out below:

Description	Name	Excluding VAT (R)
Corporate Advisor and Sponsor	Grindrod	350 000
Bank Guarantee	Absa	170 000
Independent Expert	Merchantec	150 000
Documentation Inspection Fees	TRP	75 000
Independent Reporting Accountants	BDO	130 000
Documentation Inspection Fees	JSE	30 837
Printing Fees	think BRAND	12 500
Total		929 587

## 24. CONSENTS

The Corporate Advisor and Sponsor, the Independent Expert, the Transfer Secretaries and the Independent Reporting Accountants have consented in writing to act in the capacities stated and to their names being stated in this Circular and where applicable, reference to their reports in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

## 25. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Finbond during normal office hours from Thursday, 9 November 2023 until Friday, 8 December 2023 or will be available electronically on request by emailing the Company secretary at [ben@finbond.com](mailto:ben@finbond.com):

- the signed consent letters of the parties referred to in paragraph 24;
- a signed copy of this Circular;
- a copy of the TRP and JSE approval letter;
- the signed Share Repurchase Agreements;
- a copy of the Irrevocable Undertakings;
- a copy of the Independent Expert report presented in Annexure 1;
- the audited consolidated *pro forma* income statement and balance sheet as at 31 August 2023, together with the audit review opinion presented in Annexure 2 and 3;
- the audited consolidated annual financial statements of the Company for the three years ended 28 February 2023, 28 February 2022 and 28 February 2021 and the unaudited consolidated interim results for the six month period ended 31 August 2023; and;
- a copy of the memorandum of incorporation of Finbond.

By order and on behalf of the Board of Finbond Group Limited

Dr W van Aardt  
Chief Executive Officer

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## INDEPENDENT EXPERT'S REPORT

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Rigel Office Park  
446 Rigel Ave (South)  
Erasmusrand  
Pretoria  
0181

1 November 2023

Dear Sirs

**INDEPENDENT EXPERT REPORT TO THE INDEPENDENT BOARD OF DIRECTORS OF FINBOND GROUP LIMITED ("FINBOND" OR "THE COMPANY") IN RESPECT OF THE REPURCHASE BY THE COMPANY OF 340 523 358 ORDINARY SHARES FROM NET1 FINANCE HOLDINGS (PTY) LTD ("NET1") AND MASSACHUSETTS INSTITUTE OF TECHNOLOGY ("MIT") ("REPURCHASE PARTICIPANTS")("THE REPURCHASES").**

### INTRODUCTION

The Company entered into an agreement to repurchase 340 523 358 Finbond ordinary shares ("**the Repurchase Shares**") 220 523 358 from Net1, a private company incorporated in accordance with the laws of South Africa and 120 000 000 from MIT, a private land-grant research university incorporated in accordance with the laws of the United States of America, at a price of 29.11 cents per Repurchase Share ("**Repurchase Consideration**").

The Repurchase Shares represent 38.55% of the issued Ordinary Shares of the Company and are therefore in terms of section 48(8)(b) of the Companies Act, subject to the requirements of Sections 114 and 115 of the Companies Act, 71 of 2008, as amended from time to time (the "**Companies Act**").

In terms of section 114 of the Companies Act, the Company must retain an Independent Expert, who meets the requirements set out in section 114(2) of the Companies Act, to compile a report as required by section 114(3) of the Companies Act (the "**Independent Expert Report**").

The Company only has one class of shares, being the Ordinary Shares. The issued share capital of the Company comprises 883 243 450 Ordinary Shares.

After the implementation of the Repurchases, the issued share capital of the Company will comprise of 542 720 092 Ordinary Shares.

In accordance with section 114 of the Companies Act, Merchantec Proprietary Limited ("Merchantec Capital") has been appointed by the Company as the Independent Expert to determine whether, by using the information and assumptions available, the Repurchases are fair and reasonable to the Repurchase Participants and the remaining shareholders of the Company.

Copies of sections 115 and 164 of the Companies Act are attached as Annexures A and B of this report.

### INDEPENDENT EXPERT'S REPORT REQUIRED IN RESPECT OF THE REPURCHASES

As the Repurchase Shares constitute more than 5% of the issued share capital of the Company, the Repurchases are subject to the provisions of section 114(3) (as read with section 48 and section 115) of the Companies Act, and the Independent board of directors of Finbond ("the Finbond Independent Board") are required to appoint an Independent Expert in terms of section 114 of the Companies Act to prepare a report documenting the effects of the Repurchases on the Repurchase Participants.

Merchantec Capital has been appointed by the Finbond Independent Board as the independent expert to provide advice to the Independent Board and the Repurchase Participants, required in terms of section 114 of the Companies Act, in respect of the Repurchases.

## **RESPONSIBILITY**

Compliance with the Companies Act is the responsibility of the Finbond Independent Board. Our responsibility is to report to the Finbond Independent Board and the Repurchase Participants on the fairness and reasonableness of the terms and conditions of the Repurchases to the Repurchase Participants.

## **DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”**

The “fairness” of a transaction is based on quantitative issues. The Repurchases may be said to be fair to the Repurchase Participants if the consideration payable to the Repurchase Participants is greater than or equal to the fair value of the Repurchase Shares being acquired, or unfair if the consideration payable to the Repurchase Participants is less than the fair value of the Repurchase Shares being acquired.

The Repurchases may be said to be fair to the remaining shareholders of Finbond excluding the Repurchase Participants if the consideration payable to the Repurchase Participants is less than or equal to the fair value of the Repurchase Shares being acquired, or unfair if the consideration payable to the Repurchase Participants is greater than the fair value of the Repurchase Shares being acquired.

The assessment of “reasonableness” of the consideration payable is based on qualitative factors around the Company, the prospects of the business and the terms of the Repurchases.

The Repurchases may be said to be reasonable if the qualitative aspects and prospects of the Company will improve based on the successful completion of the Repurchases.

## **DETAIL AND SOURCES OF INFORMATION**

In arriving at our opinion, we have relied upon the following principal sources of information:

- Specific Repurchase of Shares Agreement between Finbond and Net1 signed on 10 August 2023;
- Specific Repurchase of Shares Agreement between Finbond, MIT and 238 Plan Associates LLC (“238 Plan”) signed on 10 August 2023;
- Finbond Consolidated Results for the years ended 28 February 2020 to 2023;
- Management accounts for the 5 months ended July 2023;
- Forecast financial information for Finbond for the years ending 28 February 2024 to 2028;
- SENS Announcement relating to the specific repurchases dated 11 August 2023;
- Discussions with the management of Finbond on the rationale for the Repurchases;
- The terms and conditions set out in the agreement;
- Share price information up to 10 August 2023; and
- Publicly available information relating to the industries that we deemed relevant.

The information above was obtained from:

- Management of Finbond; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Finbond.

## **PROCEDURES**

In arriving at our opinion, we have undertaken the following procedures in evaluating the fairness and reasonableness of the Repurchases:

- Reviewed the terms and conditions of the Repurchases;
- Reviewed the audited historical financial information of Finbond;
- Performed a Dividend Discount Model (“**DDM**”) as the primary valuation methodology in determining the value of Finbond;
- Performed a Price to Net Asset Value (“**NAV**”) relative valuation as a secondary valuation methodology in determining the value of Finbond;
- Evaluated the relative risks associated with Finbond and the industry in which it operates;
- Obtained the strategy for the Finbond business and rationale for the Repurchases and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the appropriate industry;
- Reviewed and obtained an understanding from management as to the assumptions in the forecast financial information of Finbond and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data; and
- Performed a sensitivity analysis on key assumptions included in the above valuations.

## **ASSUMPTIONS**

We have prepared our report based on the following assumptions:

- That all agreements that have been entered into in terms of the Repurchases will be legally enforceable;
- That the Repurchases will have the legal, accounting and taxation consequences described in materials furnished to us by representatives and advisors of Finbond;
- The current economic, regulatory and market conditions will not change materially;
- That Finbond is not involved in any material legal proceedings;
- That Finbond has no material outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the relevant securities;
- The structure of the Repurchases will not give rise to any undisclosed tax liabilities; and
- That reasonable reliance can be placed on the financial information of Finbond.

## **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in preparing our report by:

- Relying on audit reports in the financial statements of Finbond; and
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of Finbond and the economic environment in which it operates.



## DESCRIPTION OF THE MATERIAL EFFECTS THAT THE PROPOSED ARRANGEMENT WILL HAVE ON THE RIGHTS AND INTERESTS OF THE SHAREHOLDERS

As consideration for the Repurchases, taking account of the concomitant reduction in the economic interest of the Repurchase Participants in the Company, the Repurchase Participants shall receive the proceeds, being their proportionate share of the Repurchase Consideration.

In the hands of the Repurchase Participants, as consideration for the Repurchases:

- The Repurchase Participants shall receive compensation for the securities of the Company subject to the Repurchases in the amount of the Repurchase Consideration; and

In the hands of the remaining shareholders:

- The remaining shareholders' effective shareholding in the Company will increase.

The net asset value of the Company (and consequently the shareholders' equity in the Company) shall be reduced by the Repurchase Consideration paid by the Company to the Repurchase Participants.

## EVALUATION OF ANY MATERIAL ADVERSE EFFECTS OF THE PROPOSED ARRANGEMENT

Taking account of the current financial state of affairs of the Company, the Repurchases do not appear to have any reasonably probable beneficial and significant effect on the business and prospects of the Company. Likewise, the Repurchases do not appear to have any reasonably probable non-beneficial and significant effect on the business and prospects of the Company.

Taking account of the financial information provided to us by the Company in terms of the series of events as described in the introduction, upon implementation of the envisaged transactions, it appears to us that Finbond has the necessary funds to affect the Repurchases.

The proposed arrangement does not have a material adverse effect on the Repurchase Participants and/or the remaining shareholders of the Company.

## STATEMENT REGARDING ANY MATERIAL INTEREST OF ANY DIRECTOR OF THE COMPANY OR TRUSTEE FOR SECURITY HOLDERS

Directors of Finbond have interests in Finbond as follows:

Director	Number of Finbond shares held indirectly	Number of Finbond shares held directly	Shareholding (%)
W van Aardt	186,656,275		21.13%
SM Riskowitz	105,590,321	1,167,000	12.08%
NJ Melville		333,333	0.04%
DC Pentz		256,405	0.03%

## STATEMENT REGARDING THE EFFECT OF THE PROPOSED ARRANGEMENT ON THE INTEREST OF ANY DIRECTOR OF THE COMPANY OR TRUSTEE FOR SECURITY HOLDERS

Following the Repurchases, W van Aardt, SM Riskowitz, NJ Melville and DC Pentz's effective holdings in the Company will increase once the shares are repurchased and cancelled.

The Directors of Finbond's interest will be as follows:

Director	Number of Finbond shares held indirectly	Number of Finbond shares held directly	Shareholding (%)
W van Aardt	186,656,275		34.38%
SM Riskowitz	105,590,321	1,167,000	19.66%
NJ Melville		333,333	0.06%

DC Pentz		256,405	0.05%
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## LIMITING CONDITIONS

This Independent Expert Report is provided to Finbond Independent Board in connection with and for the purpose of the proposed Repurchases, so as to assist the Finbond Independent Board in forming and expressing an opinion for the benefit of Finbond Shareholders.

The Independent Expert Report does not purport to cater for each individual Finbond Shareholder's perspective, but rather that of the general body of the Finbond Shareholders. Should a Finbond Shareholder be in doubt as to what action to take, he or she should consult an independent advisor.

An individual shareholder's decision as to whether to agree to the proposed Repurchases may be influenced by their particular circumstances. The assessment as to whether or not the Independent Board will decide to recommend the proposed Repurchases is a decision that can only be taken by the Independent Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our Fair and Reasonable opinion. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information on the Company and its subsidiaries relates to future events, it is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We accordingly express no opinion as to how closely actual results will correspond to those projected. Where practical, we compared the forecast financial information to past trends and third party estimates as well as discussed, the assumptions with management, as applicable.

We have also assumed that the Repurchases will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Finbond and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## INDEPENDENCE, COMPETENCE AND FEES

We confirm that we have no direct or indirect interest in Finbond, nor do we have any relationship with Finbond as contemplated in section 114(2)(b) of the Companies Act.

We also confirm that we have the necessary competence to provide the Independent Expert's Report on the Repurchases as required in terms of section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fee of R150 000 (excluding VAT) is not contingent upon the success of the Repurchases.

## QUALITATIVE CONSIDERATIONS

In arriving at our opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Repurchases:

- The rationale of the Repurchases as set out by management

In evaluating the reasonableness of the Repurchase Consideration to arrive at our opinion, we have considered that the Repurchase Consideration is at a discount to the traded price of the Finbond Shares as well as the 30-day volume weighted average price immediately prior to the SENS cautionary: dated 10 August 2023. Given the illiquidity of the Finbond Shares, we have also considered the 60- and 90-day volume weighted average price immediately prior to the SENS cautionary. Based on the 60- and 90-day volume weighted average price the Repurchase Consideration is at a premium.

The Finbond Shares are highly illiquid, taking into consideration the size of the sale, which will ultimately drive down the share price and value of the share for all shareholders if the sale is done on the market.

The Repurchases are ultimately to the benefit of Finbond shareholders in that the delisting of such shares results in the removal of the Repurchase Shares from the share capital of the Company at an attractive price (i.e. a decrease in the aggregate number of Finbond Shares from 883 423 450 ordinary shares of no par value to 542 720 092 ordinary shares of no par value. Treasury shares will remain at 89 118 708 ordinary shares).

The Repurchases are considered an appropriate allocation of capital as the impact of the Repurchases and cancellation of the Repurchase Shares are expected to enhance earnings and net asset value per Finbond Share.

The reduction in the number of Finbond Shares in issue will also have the effect of increasing the holdings of the Company's existing shareholders.

Management believes is in the best interests of the Company and shareholders.

Based on the qualitative considerations set out above, we are of the opinion that the terms and conditions of the Repurchases are reasonable in the circumstances.

## **VALUATION AND CONCLUSION**

Merchantec Capital performed a valuation of Finbond to determine whether the Repurchases represent fair value to the Repurchase Participants.

In undertaking the valuation exercise above, we used a DDM analysis as the primary methodology, whereby we analysed and discounted the expected future dividends of the Company. The dividends were analysed on a forward-looking basis and discounted back to a present value.

We then used a P/NAV relative valuation model to support the range obtained in the DDM. In estimating the multiple we analysed comparable peers with operational characteristics and services analogous to Finbond. A median multiple was taken from this peer group sample and subsequently applied to the current sustainable net asset value.

In undertaking the valuation exercise above, we determined a valuation range for Repurchase Shares is between 46.86 cents and 53.83 cents, with a mid-point of 50.15 cents being the best estimate of fair value.

The Repurchase Consideration of 29.11 cents is below the fair value range, therefore the Repurchase Consideration is deemed to be unfair, but reasonable for the Repurchase Participants, however fair and reasonable to the remaining shareholders of the Company.

Key internal value drivers to the valuation included the discount rate, net interest margins, growth in loans and advances, the dividend cover and expected future revenue growth in the Company.

Key external value drivers to the valuation included interest rates, inflation rates and prevailing market and industry conditions.

## **OPINION**

Merchantec Capital has considered the proposed terms and conditions of the Repurchases and based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Repurchases based on quantitative considerations are unfair, but reasonable based on qualitative considerations to the Repurchase Participants. However, based on quantitative and qualitative considerations, are fair and reasonable, respectively to the remaining shareholders of the Company excluding the Repurchase Participants.

Our opinion is based upon the information available to us up to 1 November 2023, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Repurchases have been fulfilled, waived (if applicable) or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

## **CONSENT**

We consent to the inclusion of this report in the Circular to be sent to the Shareholders of Finbond in the form and context in which it appears.

Yours faithfully

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**Marcel Goncalves CA(SA)**

**Director**

## **MERCHANTEC CAPITAL**

Illovo Point 13th Floor  
68 Melville Road  
Illovo  
Sandton  
2196

## ANNEXURE A

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### SECTION 115: REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT

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- (1) Despite [section 65](#), and any provision of a company's [Memorandum of Incorporation](#), or any resolution adopted by its [board](#) or holders of its [securities](#), to the contrary, a [company](#) may not dispose of, or give effect to an [agreement](#) or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
  - (a) the disposal, [amalgamation or merger](#), or scheme of arrangement—
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of [Chapter 6](#); and
  - (b) to the extent that [Parts B](#) and [C](#) of this Chapter and the [Takeover Regulations](#) apply to a company that proposes to—
    - (j) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved —
  - (a) by a [special resolution](#) adopted by persons entitled to [exercise voting rights](#) on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if—
    - (i) the [holding company](#) is a company or an [external company](#);
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the [subsidiary](#); and
    - (iii) having regard to the consolidated [financial statements](#) of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if—
  - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any [person](#) who voted against the resolution requires the [company](#) to seek court approval; or

- (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person [related](#) to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights—
  - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), ‘act in concert’ has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either—
  - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant—
  - (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if—
  - (a) the resolution is manifestly unfair to any class of holders of the company’s securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable [rules](#) of the company, or other significant and [material](#) procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of [section 164](#) if that person—
  - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect—
  - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of [shares](#) from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the [amalgamation or merger](#).

## ANNEXURE B

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### SECTION 164: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

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- (1) This section does not apply in any circumstances relating to a transaction, [agreement](#) or offer pursuant to a business rescue plan that was approved by shareholders of a [company](#), in terms of [section 152](#).
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to—
  - (a) amend its [Memorandum of Incorporation](#) by altering the preferences, rights, limitations or other terms of any class of its [shares](#) in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in [section 37\(8\)](#); or
  - (b) enter into a transaction contemplated in [section 112](#), [113](#), or [114](#),that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting [shareholder](#) may give the company a written notice objecting to the resolution.
- (4) Within 10 [business days](#) after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who—
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither—
    - (i) withdrawn that notice; or
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that [person](#) if—
  - (a) the shareholder—
    - (i) sent the company a notice of objection, subject to subsection (6); and
    - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder—
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A [shareholder](#) who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within—
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state—
  - (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.

- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless—
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of—
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11)—
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12)—
- (a) the shareholder must either in the case of—
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of [section 53](#) to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and—
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has—
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14)—
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court—



- (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
  - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
  - (iii) in its discretion may—
    - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
    - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
  - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
  - (v) must make an order requiring—
    - (aa) the dissenting shareholders to either withdraw their respective demands, or to comply with subsection (13)(a); and
    - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case-
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b);
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months—
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that—
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a [distribution](#) by the company, or an acquisition of its shares by the company within the meaning of [section 48](#), and therefore are not subject to—
- (a) the provisions of that section; or
  - (b) the application by the company of the [solvency and liquidity test](#) set out in [section 4](#).
- (20) Except to the extent-
- (a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under [section 125](#) to any other person.

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**CONSOLIDATED PRO FORMA FINANCIAL INFORMATION**

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The definitions and interpretations commencing on page 9 of the circular have been used throughout this Annexure. The pro forma financial information should be read in conjunction with paragraph 4.1 of the circular.

**BASIS OF PREPARATION**

The pro forma financial information has been prepared using the most recent financial period of Finbond, in terms of the JSE Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.

The published numbers have been extracted, without adjustment, from Finbond's unaudited interim results for the six-month period ended 31 August 2023 as published on SENS on 20 October 2023, which can be accessed on Finbond's website at [www.finbond.com](http://www.finbond.com), and will be available for inspection at the registered office of Finbond as set out in paragraph 25 of this Circular.

The consolidated pro forma financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The consolidated pro forma financial information (the "Pro forma Financial Information") has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), the Listing Requirements of the JSE, the Companies Act No. 71 of 2008 and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those applied in the unaudited interim consolidated results of Finbond for the six-month period ended 31 August 2023.

The Pro forma Financial Information has been prepared for illustrative purposes only, based on current information available to management of Finbond, in order to provide information about the financial results and position of Finbond. Due to its nature, the Pro forma Financial Information may not fairly present Finbond's financial position, changes in equity and results of operations or cash flows after the impact of the Repurchase, and are based on the assumptions that:

- (i) the Repurchase date is assumed to be 1 March 2023 for the purposes of the consolidated statement of profit and loss and other comprehensive income and 31 August 2023 for the purposes of the consolidated statement of financial position.
- (ii) for the purpose of calculating basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share, the Repurchase date is assumed to be 1 March 2023; and
- (iii) for the purpose of calculating consolidated net asset value per share and consolidated net tangible asset value per share, the Repurchase date is assumed to be on 31 August 2023.

The accounting policies of Finbond that were applied in the unaudited interim consolidated results for the six month period ended 31 August 2023 have been used in calculating the consolidated *pro forma* financial effects.

The independent reporting accountant's assurance report on the Pro forma Financial Information is set out in Annexure 3 of this Circular.

**Finbond Group Limited Consolidated Pro forma Statement of Financial Position as at 31 August 2023**

R'000	<b>Unaudited results before the Repurchase</b>	<b>Adjustments for the Repurchase</b>	<b>Transaction cost</b>	<b><i>Pro forma</i> results after the Repurchase</b>
	Note 1	Note 2	Note 3	
<b>Assets</b>				
Cash and cash equivalents	678 453	(99 126)	(930)	578 397
Other financial assets at fair value through profit or loss	33 491	-	-	33 491
Other financial assets at amortised cost	318 212	-	-	318 212
Loans and advances	1 536 643	-	-	1 536 643
Trade and other receivables	162 353	-	-	162 353
Investments in associates	677 013	-	-	677 013
Property, plant and equipment	182 048	-	-	182 048
Right of use assets	295 546	-	-	295 546
Investment property	122 721	-	-	122 721
Deferred taxation	116 916	-	-	116 916
Goodwill	826 427	-	-	826 427
Intangible assets	150 809	-	-	150 809
<b>Total assets</b>	<b>5 100 632</b>	<b>(99 126)</b>	<b>(930)</b>	<b>5 000 576</b>
<b>Liabilities</b>				
Transactional deposits	36 534	-	-	36 534
Current tax payable	23 444	-	-	23 444
Trade and other payables	125 178	-	-	125 178
Other loans	465 947	-	-	465 947
Lease liabilities	323 663	-	-	323 663
Fixed and notice deposits	583 430	-	-	583 430
Commercial paper	2 413 806	-	-	2 413 806
<b>Total liabilities</b>	<b>3 972 002</b>	<b>-</b>	<b>-</b>	<b>3 972 002</b>

## Equity

### Capital and reserves

Share capital	964 747	(99 126)	(930)	864 691
Reserves	386 316	-	-	386 316
Retained loss	(541 658)	-	-	(541 658)
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>809 405</b>	<b>(99 126)</b>	<b>(930)</b>	<b>709 349</b>
Non-controlling interest	319 225	-	-	319 225
<b>Total equity</b>	<b>1 128 630</b>	<b>(99 126)</b>	<b>(930)</b>	<b>1 028 574</b>
<b>Total equity and liabilities</b>	<b>5 100 632</b>	<b>(99 126)</b>	<b>(930)</b>	<b>5 000 576</b>
Net asset value per share (cents)	142	85		227
Net tangible asset value per share (cents)	19	(8)		11
Number of shares in issue at reporting date ('000)	794 125	(340 523)		453 601

### Notes and assumptions:

1. Presents the consolidated statement of financial position extracted, without adjustment, from the unaudited interim published results for the six months ended 31 August 2023.
2. Finbond repurchases 340 523 358 shares at the purchase consideration of 29.11 cents per share. This results in a reduction in cash and cash equivalents of R99 126 350 and a corresponding decrease in share capital, as the repurchased shares are delisted from the JSE. The number of shares in issue, net of treasury shares, reduces from 794 124 742 to 453 601 384.
3. Transaction costs of R929 587 directly attributable to the repurchase of Finbond shares have been recognised as a deduction from equity in terms of IAS 32:35.
4. Equity reconciliations of stated capital

	Number of shares	Stated Capital
Position before the Repurchase	794 125	964 747
Repurchase	(340 523)	(100 056)
Position after the Repurchase	453 601	864 691

5. There are no material subsequent events that require adjustments to the *pro forma* financial information.
6. All adjustments are expected to have a continuing effect.

**Finbond Group Limited Consolidated Pro forma Statement of Profit or Loss and Other Comprehensive Income for the six-month period ended 31 August 2023**

R'000	Unaudited results before the Repurchase	Adjustments for the Repurchase	Reversal of finance income	Pro forma results after the Repurchase
	Note 1	Note 2	Note 3	
Interest income	743 756	-	(3 114)	740 642
Interest expense	(194 315)	-	-	(194 315)
<b>Net interest income/(expense)</b>	<b>549 441</b>	<b>-</b>	<b>(3 114)</b>	<b>546 327</b>
Fee income	101 699	-	-	101 699
Other operating income	178 360	-	-	178 360
Income from associate	67 989	-	-	67 989
Fair value adjustments	114	-	-	114
Foreign exchange gain	(56)	-	-	(56)
Net impairment charge	(171 045)	-	-	(171 045)
Operating expenses	(744 882)	-	-	(744 882)
<b>Loss before taxation</b>	<b>(18 380)</b>	<b>-</b>	<b>(3 114)</b>	<b>(21 494)</b>
Taxation	(7 043)	-	841	(6 202)
<b>Loss after taxation</b>	<b>(25 423)</b>	<b>-</b>	<b>(2 273)</b>	<b>(27 696)</b>
<b>Other comprehensive income to be reclassified to profit or loss</b>				
Foreign currency translation difference for foreign operations	47 363	-	-	47 363
<b>Total comprehensive (loss)/income for the period</b>	<b>21 940</b>	<b>-</b>	<b>(2 273)</b>	<b>19 667</b>
<b>Loss attributable to:</b>				
Owners of the company	(18 982)	-	(2 273)	(21 255)
Non-controlling interest	(6 441)	-	-	(6 441)
	<b>(25 423)</b>	<b>-</b>	<b>(2 273)</b>	<b>(27 696)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the company	14 359	-	(2 273)	12 086
Non-controlling interest	7 581	-	-	7 581
	<b>21 940</b>	<b>-</b>	<b>(2 273)</b>	<b>19 667</b>

Basic loss per share (cents)	(2.4)	(2.3)	(4.7)
Diluted basic loss per share (cents)	(2.4)	(2.3)	(4.7)

#### Notes and assumptions:

1. Presents the consolidated statement of comprehensive income extracted, without adjustment, from the unaudited interim published results for the six months ended 31 August 2023.
2. Finbond repurchases 340 523 358 shares, reducing the weighted average number of shares by the same amount.
3. Reversal of finance income and associated tax expense relates to the reduction in interest received on cash and cash equivalents of R99 126 350 utilised to fund the transaction. This amount is calculated based on the prevailing ABSA bank rates applicable to the period 1 March 2023 through 30 August 2023 resulting in a weighted average monthly interest rate of 6.2% .
4. Reconciliation between basic loss and headline loss:

(R'000)	Gross	Net
Loss attributable to owners of the Company		(21 255)
Adjusted for:		
Loss on disposal of property, plant and equipment	1 428	1 059
<b>Headline loss</b>		<b>(20 196)</b>
Weighted average number of shares in issue ('000)		453 601
Weighted average number of shares in issue (diluted) ('000)		453 601
Headline loss per share (cents)		(4.5)
Diluted headline loss per share (cents)		(4.5)

5. Headline and diluted headline loss per Finbond Share:

	Unaudited resu before the Repurchase	Adjustments fo the Repurchase	Pro forma resul after the Repurchase
Weighted average number of shares in issue ('000)	794 125	(340 523)	453 601
Weighted average number of shares in issue (diluted) ('000)	794 125	(340 523)	453 601
Headline loss per share (cents)	(2.3)	(2.2)	(4.5)
Diluted Headline loss per share (cents)	(2.3)	(2.2)	(4.5)

6. All adjustments are expected to have a continuing effect.

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION

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The Directors  
Finbond Group Limited (South Africa)  
Registration number Finbond Group Limited (South Africa)  
Rigel Office Park  
446 Rigel Avenue  
Erasmusrand  
Pretoria 0181

1 November 2023

Dear Sirs/Mesdames

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF FINBOND GROUP LIMITED ("FINBOND" OR "THE COMPANY")

We have completed our assurance engagement to report on the compilation of the consolidated *pro forma* financial information of Finbond by the directors (the "**Directors**"). The consolidated *pro forma* financial information, as set out in **Annexure 2** of the circular to be issued on or about 8 November 2023 ("**the Circular**"), consists of the consolidated *pro forma* statement of financial position, the consolidated *pro forma* statement of profit and loss and other comprehensive income and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Listing Requirements and described in **Annexure 2**.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate actions or events, described in Part I of the Circular, on the company's financial position and performance as at 31 August 2023, as if the corporate action or event had taken place at 31 August 2023 for statement of financial position and 1 March 2023 for statement of comprehensive income purposes. As part of this process, information about the company's financial position and performance has been extracted by the Directors from the company's published unaudited interim financial information for the six months ended 31 August 2023.

#### Directors' responsibility for the *pro forma* financial information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listing Requirements and described in **Annexure 2** of the Circular and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the "**IRBA Codes**"), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### **Reporting accountants' responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listing Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the consolidated *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the consolidated *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of consolidated *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the consolidated *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related consolidated *pro forma* adjustments give appropriate effect to those criteria; and
- the consolidated *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

**Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listing Requirements and described in paragraph 4.1 and **Annexure 2** of the Circular.

**Consent**

This report on the *pro forma* statement of financial position and *pro forma* statement of comprehensive income is included solely for the information of the shareholders of the Company. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Yours faithfully

**BDO South Africa Incorporated**

Chartered Accountants (SA)  
Registered Auditors

**per B van der Walt**

Chartered Accountant (SA)  
Registered Auditor  
JSE Reporting Accountant Specialist

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**HISTORICAL FINANCIAL INFORMATION OF FINBOND**


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**Extracts of the audited consolidated summarised historical financial information of Finbond Group Limited for the financial years ended 28 February 2023, 28 February 2022 and 28 February 2021**

The audited consolidated summarised results for the three financial years ended 28 February 2023, 28 February 2022 and 28 February 2021 of Finbond Group Limited, have been extracted and compiled from the full set of audited consolidated annual financial statements for the three financial years ended 28 February 2023, 28 February 2022 and 28 February 2021, which are available on the Company's website at [www.finbond.com](http://www.finbond.com) and at its registered address.

The preparation of the audited consolidated summarised results for the three financial years ended 28 February 2023, 28 February 2022 and 28 February 2021 is the responsibility of the Finbond Group Limited Directors.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

as at

R'000	28 February 2023	28 February 2022	28 February 2021
<b>Assets</b>			
Cash and cash equivalents	825,021	617,138	930,701
Other financial assets at fair value through profit or loss	66,708	110,311	9,110
Other financial assets at amortised cost	269,228	435,479	659,708
Non-current assets held for sale	-	-	130,736
Loans and other advances	1,351,835	1,095,389	789,969
Trade and other receivables	157,857	184,439	159,311
Investments in associates	623,137	473,997	-
Property, plant and equipment	179,733	181,432	181,700
Right of use assets	300,075	338,292	422,742
Investment property	122,152	131,299	6,250
Deferred taxation	100,699	97,922	94,055
Goodwill	813,785	838,419	866,803
Intangible assets	147,186	120,086	119,000
<b>Total Assets</b>	<b>4,957,416</b>	<b>4,624,203</b>	<b>4,370,085</b>
<b>Liabilities</b>			
Bank overdraft	-	55,892	17,483
Transactional deposits	31,456	29,660	33,467
Current tax payable	27,030	-	-
Trade and other payables	115,236	84,742	89,939
Other loans	434,097	280,622	-

Lease liabilities	327,849	366,038	453,163
Fixed and notice deposits	627,374	803,279	1,082,109
Commercial paper	2,298,240	1,985,979	1,466,919
<b>Total Liabilities</b>	<b>3,861,282</b>	<b>3,606,212</b>	<b>3,143,080</b>

**Equity**

Capital and reserves			
Share capital	964,747	976,567	985,407
Reserves	352,051	117,622	50,017
Retained loss	(522,676)	(257,638)	(13,493)
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>794,122</b>	<b>836,551</b>	<b>1,021,931</b>
Non-controlling interest	302,012	181,440	205,074
<b>Total Equity</b>	<b>1,096,134</b>	<b>1,017,991</b>	<b>1,227,005</b>
<b>Total Equity and Liabilities</b>	<b>4,957,416</b>	<b>4,624,203</b>	<b>4,370,085</b>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**

R'000	28 February 2023	28 February 2022	28 February 2021
Interest income	1,287,730	1,034,530	1,443,577
Interest expense	(352,991)	(313,548)	(289,831)
<b>Net interest income</b>	<b>934,739</b>	<b>720,982</b>	<b>1,153,746</b>
Fee income	190,047	177,904	195,487
Other operating income	368,936	331,793	256,414
Income from associate	131,721	90,736	-
Fair value adjustment non-current assets held for sale	-	-	(4,635)
Fair value adjustments other	(12,467)	(10,407)	(3,310)
Foreign exchange gain	1,082	223	739
Net impairment charge	(410,991)	(212,632)	(311,420)
Impairment of goodwill	(130,344)	(84,302)	(78,482)
Operating expenses	(1,422,717)	(1,326,580)	(1,521,947)
<b>Loss before taxation</b>	<b>(349,994)</b>	<b>(312,283)</b>	<b>(313,408)</b>
Taxation	19,408	39,206	58,025
<b>Loss after taxation</b>	<b>(330,586)</b>	<b>(273,077)</b>	<b>(255,383)</b>
Foreign currency translation difference for foreign operations	359,141	79,296	(108,423)
<b>Total comprehensive income/(loss) for the year</b>	<b>28,555</b>	<b>(193,781)</b>	<b>(363,806)</b>
<b>Income/(loss) attributable to :</b>			
Owners of the company	(265,038)	(244,145)	(295,403)
Non-controlling interest	(65,548)	(28,932)	40,020
<b>Total comprehensive income/(loss) attributable to :</b>	<b>(330,586)</b>	<b>(273,077)</b>	<b>(255,383)</b>
Owners of the company	(32,457)	(177,243)	(400,605)
Non-controlling interest	61,012	(16,538)	36,799
	<b>28,555</b>	<b>(193,781)</b>	<b>(363,806)</b>
Loss per share (cents)			
Basic loss per share (cents)	(31.6)	(28.6)	(34.1)
Diluted loss per share (cents)	(31.6)	(28.6)	(34.1)

## CONSOLIDATED STATEMENT OF CASH FLOW

R'000	28 February 2023	28 February 2022 * restated	28 February 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations*	(360,329)	(592,940)	256,744
Taxation received	29,460	14,210	408
<b>Net cash flow from operating activities</b>	<b>(330,869)</b>	<b>(578,730)</b>	<b>257,152</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(25,769)	(44,669)	(33,803)
Proceeds from sale of property, plant and equipment	11,287	19,832	1,721
Acquisition of other intangible assets	(27,478)	(19,704)	(25,672)
Proceeds from disposal of other intangible assets			2,759
Proceeds from sale of Investment property	183	-	-
Acquisition of financial assets	-	-	(346,083)
Proceeds from sale of financial assets	215,468	123,113	-
Investments in associate	-	(385,457)	-
Distributions received from associates	79,302	50,488	-
Investments in businesses	23,483	(7,677)	(1,142)
Acquisition of businesses, net of cash acquired	-	(63,363)	
Establishment of businesses, net of cash received	23,483	55,686	
<b>Net cash flow from investing activities</b>	<b>276,476</b>	<b>(264,074)</b>	<b>(420,220)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Buy-back of shares	(11,820)	(8,840)	(167,908)
Proceeds from other loans	384,477	267,291	-
Repayment of other loans	(250,746)	-	(53,857)
Proceeds from commercial paper	518,172	684,697	659,415
Repayments of commercial paper	(239,893)	(210,475)	(136,037)
Lease liabilities repaid	(126,555)	(119,932)	(134,798)
Interest paid on lease liabilities	(22,905)	(27,524)	(33,351)
Dividends paid	(14,072)	(62,782)	(79,186)
<b>Net cash flow from financing activities</b>	<b>236,658</b>	<b>522,435</b>	<b>54,277</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	<b>182,265</b>	<b>(320,369)</b>	<b>(108,791)</b>
Cash at the beginning of the year	561,246	913,218	1,036,564
Effect of movements in exchange rates *	81,510	(31,603)	(14,555)

<b>CASH AT THE END OF THE YEAR</b>	<b>825,021</b>	<b>561,246</b>	<b>913,218</b>
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\* The Group has changed its disclosure of the effect of foreign exchange differences on foreign cash flows, from cash flows from operations to instead report this as a part of the exchange rate differences in foreign currency cash and cash equivalents as per the statement of Cash flows "effect of movements in exchange rates". As these foreign exchange differences are unrealised at year end they do not have an impact on cash flows and as such in accordance with IAS 7.28 this was an error and has been restated by presenting these foreign exchange differences separately from the cash flows from operating, investing and financing activities.

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

R'000 GROUP	Share Capital	Reserves	Retained (loss)/ income	Total attributable to equity holders	Non- controlling interest	Total Equity
Balance as at 1 March 2020	1,016,488	153,895	281,910	1,452,293	247,461	1,699,754
Total comprehensive (loss)/income for the year	-	(105,202)	(295,403)	(400,605)	36,799	(363,806)
(Loss)/profit for the year	-	-	(295,403)	(295,403)	40,020	(255,383)
Other comprehensive loss for the year	-	(105,202)	-	(105,202)	(3,221)	(108,423)
Treasury shares purchased	(31,081)	-	-	(31,081)	-	(31,081)
Equity settled share based payment charge	-	1,324	-	1,324	-	1,324
Dividends	-	-	-	-	(79,186)	(79,186)
<b>Balance as at 1 March 2021</b>	<b>985,407</b>	<b>50,017</b>	<b>(13,493)</b>	<b>1,021,931</b>	<b>205,074</b>	<b>1,227,005</b>
Total comprehensive (loss)/income for the year	-	66,902	(244,145)	(177,243)	(16,538)	(193,781)
Loss for the year	-	-	(244,145)	(244,145)	(28,932)	(273,077)
Other comprehensive income for the year	-	66,902	-	66,902	12,394	79,296
Initial equity contribution	-	-	-	-	55,686	55,686
Treasury shares purchased	(8,840)	-	-	(8,840)	-	(8,840)
Equity settled share based payment charge	-	703	-	703	-	703
Dividends	-	-	-	-	(62,782)	(62,782)
<b>Balance at 1 March 2022</b>	<b>976,567</b>	<b>117,622</b>	<b>(257,638)</b>	<b>836,551</b>	<b>181,440</b>	<b>1,017,991</b>
Total comprehensive (loss)/income for the year	-	232,581	(265,038)	(32,457)	61,012	28,555
Loss for the year	-	-	(265,038)	(265,038)	(65,548)	(330,586)
Other comprehensive income for the year	-	232,581	-	232,581	126,560	359,141
Equity contribution	-	-	-	-	73,632	73,632
Shares repurchased	(6,566)	-	-	(6,566)	-	(6,566)
Treasury shares purchased	(5,254)	-	-	(5,254)	-	(5,254)
Equity settled share based payment charge	-	1,848	-	1,848	-	1,848
Dividends	-	-	-	-	(14,072)	(14,072)
<b>Balance at 28 February 2023</b>	<b>964,747</b>	<b>352,051</b>	<b>(522,676)</b>	<b>794,122</b>	<b>302,012</b>	<b>1,096,134</b>



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023**


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The unaudited condensed consolidated interim results for the six months ended 31 August 2023, released on SENS on 20 October 2023 is included below. The full version including the commentary section is available of the Company's website at [www.finbond.com](http://www.finbond.com).

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

R'000	Interim unaudited 31 August 2023	Interim unaudited 31 August 2022	%	Full year audited 28 February 2023
			change	
<b>Assets</b>				
Cash and cash equivalents	678,453	674,470	1	825,021
Other financial assets at fair value through profit or loss	33,491	64,535	(48)	66,708
Other financial assets at amortised cost	318,212	321,049	(1)	269,228
Loans and advances	1,536,643	1,338,706	15	1,351,835
Trade and other receivables	162,353	200,509	(19)	157,857
Investments in associates	677,013	552,676	22	623,137
Property, plant and equipment	182,048	188,456	(3)	179,733
Right of use assets	295,546	338,840	(13)	300,075
Investment property	122,721	131,117	(6)	122,152
Deferred taxation	116,916	82,705	41	100,699
Goodwill	826,427	877,858	(6)	813,785
Intangible assets	150,809	135,781	11	147,186
<b>Total Assets</b>	<b>5,100,632</b>	<b>4,906,702</b>	<b>4</b>	<b>4,957,416</b>
<b>Equity</b>				
Share capital	964,747	976,567	(1)	964,747
Reserves	386,316	264,270	46	352,051
Retained loss	(541,658)	(348,808)	(55)	(522,676)
<b>Equity attributable to owners of the Company</b>	<b>809,405</b>	<b>892,029</b>	<b>(9)</b>	<b>794,122</b>
Non-controlling interest	319,225	266,971	20	302,012
<b>Total Equity</b>	<b>1,128,630</b>	<b>1,159,000</b>	<b>(3)</b>	<b>1,096,134</b>
<b>Liabilities</b>				
Bank overdraft	-	3,457	(100)	-

Transactional deposits	36,534	27,743	32	31,456
Current tax payable	23,444	-	100	27,030
Trade and other payables	125,178	96,970	29	115,236
Other loans	465,947	347,912	34	434,097
Lease liabilities	323,663	369,963	(13)	327,849
Fixed and notice deposits	583,430	695,542	(16)	627,374
Commercial paper	2,413,806	2,206,115	9	2,298,240
<b>Total Liabilities</b>	<b>3,972,002</b>	<b>3,747,702</b>	<b>6</b>	<b>3,861,282</b>
<b>Total Equity and Liabilities</b>	<b>5,100,632</b>	<b>4,906,702</b>	<b>4</b>	<b>4,957,416</b>

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited Six months 31 August 2023	Unaudited Six months 31 August 2022	% change	Audited Year to 28 February 2023
Interest income	743,756	611,808	22	1,287,730
Interest expense	(194,315)	(173,648)	(12)	(352,991)
<b>Net interest income</b>	<b>549,441</b>	<b>438,160</b>	<b>25</b>	<b>934,739</b>
Fee income	101,699	90,800	12	190,047
Other operating income	178,360	188,029	(5)	368,936
Income from associate	67,989	64,273	6	131,721
Fair value adjustments	114	(3,851)	103	(12,467)
Foreign exchange gain/(loss)	(56)	(69)	19	1,082
Net impairment charge	(171,045)	(193,303)	12	(410,991)
Impairment of goodwill	-	(22,182)	100	(130,344)
Operating expenses	(744,882)	(696,545)	(7)	(1,422,717)
<b>Loss before taxation</b>	<b>(18,380)</b>	<b>(134,688)</b>	<b>86</b>	<b>(349,994)</b>
Taxation	(7,043)	8,829	(180)	19,408
<b>Loss after taxation</b>	<b>(25,423)</b>	<b>(125,859)</b>	<b>80</b>	<b>(330,586)</b>
Foreign currency translation difference for foreign operations	47,363	209,823	(77)	359,141
<b>Total comprehensive income for the period</b>	<b>21,940</b>	<b>83,964</b>	<b>(74)</b>	<b>28,555</b>
<b>Loss attributable to:</b>	<b>(25,423)</b>	<b>(125,859)</b>	<b>80</b>	<b>(330,586)</b>
Owners of the company	(18,982)	(91,170)	79	(265,038)
Non-controlling interest	(6,441)	(34,689)	81	(65,548)
<b>Total comprehensive income/(loss) attributable to:</b>	<b>21,940</b>	<b>83,964</b>	<b>(74)</b>	<b>28,555</b>
Owners of the company	14,359	55,126	(74)	(32,457)
Non-controlling interest	7,581	28,838	(74)	61,012

Total number of ordinary shares outstanding	794,125	839,125	(5)	794,125
Weighted average number of ordinary shares outstanding	794,125	839,125	(5)	837,577
Basic and diluted loss per share (cents)	(2.4)	(10.9)	78	(31.6)
Headline and diluted loss per share (cents)	(2.3)	(8.2)	72	(15.1)
<b>Loss for the period attributable to owners of the company</b>	<b>(18,982)</b>	<b>(91,170)</b>	79	<b>(265,038)</b>
Loss on disposal of property, plant and equipment	1,059	450	135	1,534
Impairment of goodwill	-	22,182	(100)	130,344
Fair value changes of investment property	-	-	100	7,028
<b>Headline loss</b>	<b>(17,923)</b>	<b>(68,538)</b>	74	<b>(126,132)</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

R'000	Unaudited Six months 31 August 2023	Unaudited Six months 31 August 2022 * (restated)	% change	Audited Year to 28 February 2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(18,380)	(134,688)	86	(349,994)
Adjustments for non-cash items	315,508	413,593	(24)	904,236
Changes in working capital	(449,499)	(590,972)	24	(914,571)
<b>Cash utilised in operations</b>	<b>(152,371)</b>	<b>(312,067)</b>	51	<b>(360,329)</b>
Taxation (paid)/refunded	(34,318)	7,044	(587)	29,460
<b>Net cash flow from operating activities</b>	<b>(186,689)</b>	<b>(305,023)</b>	39	<b>(330,869)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment	(20,942)	(5,934)	(253)	(25,769)
Proceeds from sale of property, plant and equipment	3,129	-	100	11,287
Additions to investment property	(569)	-	100	-
Proceeds from sale of investment property	-	183	(100)	183
Acquisition of other intangible assets	(13,541)	(13,934)	3	(27,478)
Proceeds from sale of financial assets	33,898	156,355	(78)	215,468
Acquisition of financial assets	(50,390)	-	100	-
Distributions received from associates	27,423	37,679	(27)	79,302
Investments in businesses				
Establishment of businesses, net of cash received *	19,308	22,299	(13)	23,483
<b>Net cash flow from investing activities</b>	<b>(1,684)</b>	<b>196,648</b>	(101)	<b>276,476</b>

**CASH FLOW FROM FINANCING ACTIVITIES**

Buy-back of shares	-	-	100	(11,820)
Proceeds from other loans	18,536	323,609	(94)	384,477
Repayment of other loans *	-	(240,102)	100	(250,746)
Proceeds from commercial paper	176,820	261,568	(32)	518,172
Repayments of commercial paper	(78,673)	(71,549)	(10)	(239,893)
Lease liabilities repaid	(63,372)	(57,573)	(10)	(126,555)
Interest paid on lease liabilities	(12,346)	(12,342)	(0)	(22,905)
Dividends paid	(9,676)	(13,230)	27	(14,072)
<b>Net cash flow from financing activities</b>	<b>31,289</b>	<b>190,381</b>	<b>(84)</b>	<b>236,658</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(157,084)</b>	<b>82,006</b>	<b>(292)</b>	<b>182,265</b>
Cash at the beginning of the year	<b>825,021</b>	561,246	47	561,246
Effect of movements in exchange rates	10,515	27,761	(62)	81,510
<b>CASH AT THE END OF THE PERIOD</b>	<b>678,453</b>	<b>671,013</b>	<b>1</b>	<b>825,021</b>

\*The Group enhanced the disclosure of cash flow movements of "Other loans" in the six-month comparative period ending 31 August 2022 by splitting the net cash flows between "Proceeds from other loans" and "Repayment of other loans", in line with disclosure in the 2023 annual financial statements. While performing this enhancement it was noted that the "Repayment of other loans" total for the six-month comparative period ending 31 August 2022 included a non-cash flow element, which needed to be corrected. The minority partners in SAIL LLC, a 58.33% held North American subsidiary, settled their members' loans (amounting to USD3 million) by means of a debt-to-equity transaction, as disclosed in Notes 20 and 34 of the 2023 annual financial statements. Therefore, "Repayment of other loans" for the six-month comparative period ending 31 August 2022 needed to be reduced by this USD3 million (R47.6 million), with a corresponding decrease to "Establishment of businesses, net of cash received", which also previously incorrectly included this non-cash element. "Equity contribution" as disclosed in the statement of changes in equity below remains unchanged however as it consists of both the cash, and this non-cash element, of contributions from minorities in this transaction.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

R'000	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Total equity at the beginning of the year</b>	1,096,134	1,017,991	1,017,991
<b>Change in share capital</b>			
Purchase of treasury shares	-	-	(5,254)
Shares repurchased	-	-	(6,566)
<b>Change in reserves</b>			
Equity-settled share-based payment	924	352	1,848
Total comprehensive income/(loss) for the period	14,359	55,126	(32,457)
<b>Change in non-controlling interest</b>			
Total comprehensive income for the period	7,581	28,838	61,012
Equity contribution	19,308	69,923	73,632

Dividends paid	(9,676)	(13,230)	(14,072)
<b>Total equity at the end of the period</b>	<b>1,128,630</b>	<b>1,159,000</b>	<b>1,096,134</b>

## CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

### OPERATING SEGMENTS

R'000	Deposit and Debt finance Products	Lending	Property Investment	Transactional Banking	Other #	Total
<b>Six months ended 31 August 2023</b>						
Interest Income	12,813	730,452	-	47	444	743,756
Interest expense	(157,059)	(37,010)	-	(246)	-	(194,315)
<b>Net interest income/(expense)</b>	<b>(144,246)</b>	<b>693,442</b>	<b>-</b>	<b>(199)</b>	<b>444</b>	<b>549,441</b>
Fee income	-	85,397	-	16,302	-	101,699
Other operating income	-	176,536	1,053	116	655	178,360
Income from associates	-	67,989	-	-	-	67,989
Fair value adjustments	114	-	-	-	-	114
Foreign exchange gain	-	-	-	-	(56)	(56)
Net impairment charge	-	(171,045)	-	-	-	(171,045)
Operating expenses*	(1,457)	(673,584)	(2,600)	(15,111)	(52,130)	(744,882)
<b>Operating (loss)/profit before taxation</b>	<b>(145,589)</b>	<b>178,735</b>	<b>(1,547)</b>	<b>1,108</b>	<b>(51,087)</b>	<b>(18,380)</b>
Taxation	(55,788)	68,489	(593)	425	(19,576)	(7,043)
<b>Profit/(loss) after taxation</b>	<b>(201,377)</b>	<b>247,224</b>	<b>(2,140)</b>	<b>1,533</b>	<b>(70,663)</b>	<b>(25,423)</b>
*Operating expenses include, <i>inter alia</i> :						
Depreciation	-	(75,915)	-	(95)	(4,023)	(80,033)
Amortisation	-	(12,816)	-	-	-	(12,816)
Advertising	(35)	(36,298)	-	-	(3,910)	(40,243)
Bank charges	(849)	(57,042)	-	(676)	(35)	(58,602)
Collection charges	-	(48,146)	-	-	-	(48,146)
Employee costs	(541)	(254,356)	(241)	(1,154)	(55,956)	(312,248)
Property related costs	-	(30,717)	(1,321)	(20)	(1,758)	(33,816)
Telephone and communication expenses	(7)	(19,174)	(4)	(8)	(1,519)	(20,712)
<b>Significant segment assets</b>						
Cash and cash equivalents	436,073	213,203	-	12,660	16,517	678,453

Other financial assets at fair value through profit or loss	33,491	-	-	-	-	33,491
Other financial assets at amortised cost	318,212	-	-	-	-	318,212
Loans and advances	-	1,536,643	-	-	-	1,536,643
Trade and other receivables	-	140,510	-	476	21,367	162,353
Investments in associates	-	677,013	-	-	-	677,013
Property, plant and equipment	-	139,659	-	149	42,240	182,048
Right of use assets	-	288,358	-	406	6,782	295,546
Investment property	-	-	122,721	-	-	122,721
Goodwill	-	826,427	-	-	-	826,427
Intangible assets	-	150,809	-	-	-	150,809
<b>Significant segment liabilities</b>						
Transactional deposits	-	-	-	36,534	-	36,534
Trade and other payables	4,602	104,647	-	4,550	11,379	125,178
Other loans	-	465,947	-	-	-	465,947
Lease liabilities	-	315,156	-	-	8,507	323,663
Fixed and notice deposits	583,430	-	-	-	-	583,430
Commercial paper	2,413,806	-	-	-	-	2,413,806
<b>Six months ended 31 August 2022</b>						
Interest Income	10,970	599,341	-	16	1,481	611,808
Interest expense	(148,457)	(24,156)	-	(220)	(815)	(173,648)
<b>Net interest income/(expense)</b>	<b>(137,487)</b>	<b>575,185</b>	<b>-</b>	<b>(204)</b>	<b>666</b>	<b>438,160</b>
Fee income	-	77,380	-	13,420	-	90,800
Other operating income	-	185,463	375	104	2,087	188,029
Income from associates	-	64,273	-	-	-	64,273
Fair value adjustments	(3,851)	-	-	-	-	(3,851)
Foreign exchange gain	-	-	-	-	(69)	(69)
Net impairment charge	-	(193,303)	-	-	-	(193,303)
Impairment of goodwill	-	(22,182)	-	-	-	(22,182)
Operating expenses*	(5,820)	(575,818)	(1,820)	(18,977)	(94,110)	(696,545)
<b>Operating (loss)/profit before taxation</b>	<b>(147,158)</b>	<b>110,998</b>	<b>(1,445)</b>	<b>(5,657)</b>	<b>(91,426)</b>	<b>(134,688)</b>
Taxation	9,646	(7,276)	95	371	5,993	8,829
<b>Profit/(loss) after taxation</b>	<b>(137,512)</b>	<b>103,722</b>	<b>(1,350)</b>	<b>(5,286)</b>	<b>(85,433)</b>	<b>(125,859)</b>

\*Operating expenses include, *inter alia*:

Depreciation	-	(73,925)	-	(120)	(4,409)	(78,454)
Amortisation	-	(11,031)	-	-	-	(11,031)
Advertising	-	(14,107)	-	-	(3,866)	(17,973)
Bank charges	(1,414)	(45,926)	-	(4,979)	(25)	(52,344)
Collection charges	-	(41,831)	-	-	-	(41,831)
Employee costs	(480)	(256,824)	(211)	(1,015)	(52,372)	(310,902)
Property related costs	-	(34,219)	(377)	(18)	(986)	(35,600)
Telephone and communication expenses	(7)	(21,529)	(3)	(14)	(1,330)	(22,883)

**Significant segment assets**

Cash and cash equivalents	376,261	280,518	-	10,676	7,015	674,470
Other financial assets at fair value through profit or loss	64,535	-	-	-	-	64,535
Other financial assets at amortised cost	321,049	-	-	-	-	321,049
Loans and advances	-	1,338,706	-	-	-	1,338,706
Trade and other receivables	-	162,453	-	2,697	35,359	200,509
Investments in associates	-	552,676	-	-	-	552,676
Property, plant and equipment	-	148,033	-	294	40,129	188,456
Right of use assets	-	329,600	-	116	9,124	338,840
Investment property	-	-	-	131,117	-	131,117
Goodwill	-	877,858	-	-	-	877,858
Intangible assets	-	135,781	-	-	-	135,781

**Significant segment liabilities**

Bank overdraft	-	-	-	-	3,457	3,457
Transactional deposits	-	-	-	27,743	-	27,743
Trade and other payables	4,487	56,799	-	1,891	33,793	96,970
Other loans	-	347,912	-	-	-	347,912
Lease liabilities	-	359,329	-	-	10,634	369,963
Fixed and notice deposits	695,542	-	-	-	-	695,542
Commercial paper	2,206,115	-	-	-	-	2,206,115

**Year ended 28 February 2023**

Interest Income	23,085	1,259,961	-	55	4,629	1,287,730
Interest expense	(293,790)	(58,143)	-	(438)	(620)	(352,991)
<b>Net interest income/(expense)</b>	<b>(270,705)</b>	<b>1,201,818</b>	<b>-</b>	<b>(383)</b>	<b>4,009</b>	<b>934,739</b>
Fee income	-	164,468	-	25,579	-	190,047
Other operating income	-	363,461	3,404	225	1,846	368,936
Income from associates	-	131,721	-	-	-	131,721

Fair value adjustments	(3,503)	-	(8,964)	-	-	(12,467)
Foreign exchange gain	-	-	-	-	1,082	1,082
Net impairment charge	-	(410,991)	-	-	-	(410,991)
Impairment of goodwill	-	(130,344)	-	-	-	(130,344)
Operating expenses*	(3,915)	(1,204,515)	(3,902)	(36,397)	(173,988)	(1,422,717)
<b>Operating profit/(loss)</b>	<b>(278,123)</b>	<b>115,618</b>	<b>(9,462)</b>	<b>(10,976)</b>	<b>(167,051)</b>	<b>(349,994)</b>
Taxation	15,423	(6,411)	525	609	9,263	19,408
<b>Profit/(loss) after taxation</b>	<b>(262,700)</b>	<b>109,207</b>	<b>(8,937)</b>	<b>(10,367)</b>	<b>(157,788)</b>	<b>(330,586)</b>

\*Operating expenses include, *inter alia*:

Depreciation	-	(152,073)	-	(216)	(8,781)	(161,070)
Amortisation	-	(23,304)	-	-	-	(23,304)
Advertising	-	(33,635)	-	-	(7,325)	(40,960)
Bank charges	(2,017)	(99,456)	-	(9,210)	(68)	(110,751)
Collection charges	-	(85,596)	-	-	-	(85,596)
Employee costs	(1,055)	(505,968)	(464)	(2,190)	(112,936)	(622,613)
Property related costs	-	(55,106)	(1,226)	(52)	(2,032)	(58,416)
Telephone and communication expenses	(14)	(40,979)	(7)	(21)	(2,770)	(43,791)

#### Significant segment assets

Cash and cash equivalents	468,199	342,784	-	11,906	2,132	825,021
Other financial assets at fair value through profit or loss	66,708	-	-	-	-	66,708
Other financial assets at amortised cost	269,228	-	-	-	-	269,228
Loans and advances	-	1,351,835	-	-	-	1,351,835
Trade and other receivables	-	143,125	-	2,076	12,656	157,857
Investments in associates	-	623,137	-	-	-	623,137
Property, plant and equipment	-	136,376	-	196	43,161	179,733
Right of use assets	-	290,958	-	550	8,567	300,075
Investment property	-	-	122,152	-	-	122,152
Goodwill	-	813,785	-	-	-	813,785
Intangible assets	-	147,186	-	-	-	147,186
<b>Significant segment liabilities</b>						
Transactional deposits	-	-	-	31,456	-	31,456
Trade and other payables	1,461	87,667	-	2,295	23,813	115,236
Other loans	-	434,097	-	-	-	434,097
Lease liabilities	-	317,068	-	-	10,781	327,849
Fixed and notice deposits	627,374	-	-	-	-	627,374



Commercial paper	2,298,240	-	-	-	-	2,298,240
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# The Other operating segment represents centralised services and functions.

## GEOGRAPHICAL SEGMENTS

Six months ended 31 August 2023

R'000	South Africa	North America	Corporate	Total
<b>Net profit</b>				
Interest Income	228,090	511,320	4,346	743,756
Interest expense	(44,795)	(116,117)	(33,403)	(194,315)
<b>Net interest income</b>	<b>183,295</b>	<b>395,203</b>	<b>(29,057)</b>	<b>549,441</b>
Fee income	94,450	7,480	(231)	101,699
Management fee income	2,253	9,841	(12,094)	-
Other operating income	150,939	5,813	21,608	178,360
Income from associates	-	67,989	-	67,989
Fair value adjustments other	114	-	-	114
Foreign exchange gain/(loss)	(74)	-	18	(56)
Net impairment charge	(99,391)	(75,308)	3,654	(171,045)
Operating expenses	(286,834)	(451,944)	(6,104)	(744,882)
<b>Operating profit/(loss)</b>	<b>44,752</b>	<b>(40,926)</b>	<b>(22,206)</b>	<b>(18,380)</b>
Taxation	(12,057)	9,225	(4,211)	(7,043)
<b>Profit/(Loss) after taxation</b>	<b>32,695</b>	<b>(31,701)</b>	<b>(26,417)</b>	<b>(25,423)</b>

\*Operating expenses include, *inter alia*:

Depreciation	(41,440)	(37,921)	(672)	(80,033)
Amortisation	(17)	(12,799)	-	(12,816)
Advertising	(1,529)	(35,219)	(3,495)	(40,243)
Bank charges	(32,955)	(25,139)	(508)	(58,602)
Collection charges	(16,781)	(31,365)	-	(48,146)
Employee costs	(96,602)	(208,590)	(7,056)	(312,248)
Property related costs	(13,618)	(20,050)	(148)	(33,816)
Telephone and communication expenses	(12,606)	(8,022)	(84)	(20,712)

### Significant segment assets

Cash and cash equivalents	132,376	396,940	149,137	678,453
Other financial assets at fair value through profit or loss	2,959	-	30,532	33,491
Other financial assets at amortised cost	317,961	-	251	318,212
Loans and advances	435,522	1,101,121	-	1,536,643
Trade and other receivables	22,695	76,911	62,747	162,353

Investments in associates	-	677,013	-	677,013
Property, plant and equipment	48,941	89,097	44,010	182,048
Right of use assets	112,751	182,795	-	295,546
Investment property	122,721	-	-	122,721
Deferred taxation	35,989	85,264	(4,337)	116,916
Goodwill	197,550	628,877	-	826,427
Intangible assets	6,778	144,031	-	150,809
<b>Significant segment liabilities</b>				
Bank overdraft	-	-	-	-
Transactional deposits	36,534	-	-	36,534
Current tax payable	(236)	-	23,680	23,444
Trade and other payables	47,209	65,851	12,118	125,178
Other loans	-	465,947	-	465,947
Lease liabilities	126,298	197,365	-	323,663
Fixed and notice deposits	583,430	-	-	583,430
Commercial paper	-	-	2,413,806	2,413,806

**Six months ended 31 August 2022**

R'000	South Africa	North America *	Corporate *	Total
<b>Net profit</b>				
Interest Income	200,549	409,763	1,496	611,808
Interest expense	(50,314)	(84,706)	(38,628)	(173,648)
<b>Net interest income</b>	<b>150,235</b>	<b>325,057</b>	<b>(37,132)</b>	<b>438,160</b>
Fee income	84,163	6,843	(206)	90,800
Management fee income	1,770	6,819	(8,589)	-
Other operating income	141,273	21,229	25,527	188,029
Income from associates	-	64,273	-	64,273
Fair value adjustments other	(84)	-	(3,767)	(3,851)
Foreign exchange gain/(loss)	(40)	34	(63)	(69)
Net impairment charge	(86,572)	(105,617)	(1,114)	(193,303)
Impairment of goodwill	-	(22,182)	-	(22,182)
Operating expenses	(252,741)	(435,428)	(8,376)	(696,545)
<b>Operating profit/(loss)</b>	<b>38,004</b>	<b>(138,972)</b>	<b>(33,720)</b>	<b>(134,688)</b>
Taxation	(11,370)	21,094	(895)	8,829
<b>Profit/(Loss) after taxation</b>	<b>26,634</b>	<b>(117,878)</b>	<b>(34,615)</b>	<b>(125,859)</b>

\*Operating expenses include, *inter alia*:

Depreciation	(37,236)	(40,596)	(622)	(78,454)
Amortisation	(17)	(11,014)	-	(11,031)

Advertising	(667)	(13,444)	(3,862)	(17,973)
Bank charges	(30,234)	(21,247)	(863)	(52,344)
Collection charges	(6,390)	(35,441)	-	(41,831)
Employee costs	(87,346)	(213,769)	(9,787)	(310,902)
Property related costs	(15,272)	(20,328)	-	(35,600)
Telephone and communication expenses	(12,913)	(9,885)	(85)	(22,883)

#### Significant segment assets

Cash and cash equivalents	129,550	430,932	113,988	674,470
Other financial assets at fair value through profit or loss	41,785	-	22,750	64,535
Other financial assets at amortised cost	320,814	-	235	321,049
Loans and advances	463,493	875,213	-	1,338,706
Trade and other receivables	21,765	116,803	61,941	200,509
Investments in associates	-	552,676	-	552,676
Property, plant and equipment	40,643	105,951	41,862	188,456
Right of use assets	89,868	248,972	-	338,840
Investment property	131,117	-	-	131,117
Deferred taxation	45,385	41,837	(4,517)	82,705
Goodwill	197,550	680,308	-	877,858
Intangible assets	2,852	132,929	-	135,781

#### Significant segment liabilities

Bank overdraft	-	-	3,457	3,457
Transactional deposits	27,743	-	-	27,743
Trade and other payables	37,600	44,092	15,278	96,970
Other loans	-	347,912	-	347,912
Lease liabilities	103,083	266,880	-	369,963
Fixed and notice deposits	695,542	-	-	695,542
Commercial paper	-	-	2,206,115	2,206,115

#### Year ended 28 February 2023

R'000	South Africa	North America *	Corporate *	Total
<b>Net profit</b>				
Interest Income	424,862	858,737	4,131	1,287,730
Interest expense	(91,370)	(190,802)	(70,819)	(352,991)
<b>Net interest income</b>	<b>333,492</b>	<b>667,935</b>	<b>(66,688)</b>	<b>934,739</b>
Fee income	177,197	13,283	(433)	190,047
Management fee income	3,450	15,963	(19,413)	-
Other operating income	291,684	21,957	55,295	368,936
Income from associates	-	131,721	-	131,721

Fair value adjustments	(7,473)	-	(4,994)	(12,467)
Foreign exchange gain	(93)	36	1,139	1,082
Net impairment charge	(205,852)	(199,626)	(5,513)	(410,991)
Impairment of goodwill	-	(130,344)	-	(130,344)
Operating expenses*	(516,448)	(889,684)	(16,585)	(1,422,717)
<b>Operating profit/(loss)</b>	<b>75,957</b>	<b>(368,759)</b>	<b>(57,192)</b>	<b>(349,994)</b>
Taxation	(21,952)	43,526	(2,166)	19,408
<b>Profit/(Loss) after taxation</b>	<b>54,005</b>	<b>(325,233)</b>	<b>(59,358)</b>	<b>(330,586)</b>

\*Operating expenses include, *inter alia*:

Depreciation	(75,985)	(83,783)	(1,302)	(161,070)
Amortisation	(35)	(23,269)	-	(23,304)
Advertising	(1,697)	(31,947)	(7,316)	(40,960)
Bank charges	(62,837)	(46,463)	(1,451)	(110,751)
Collection charges	(14,305)	(71,291)	-	(85,596)
Employee costs	(175,713)	(431,145)	(15,755)	(622,613)
Property related costs	(28,470)	(29,946)	-	(58,416)
Telephone and communication expenses	(25,463)	(18,153)	(175)	(43,791)

#### Significant segment assets

Cash and cash equivalents	148,162	556,236	120,623	825,021
Other financial assets at fair value through profit or loss	43,390	-	23,318	66,708
Other financial assets at amortised cost	269,228	-	-	269,228
Loans and advances	435,995	914,840	-	1,351,835
Trade and other receivables	20,675	75,828	61,354	157,857
Investments in associates	-	623,137	-	623,137
Property, plant and equipment	39,918	96,032	43,783	179,733
Right of use assets	98,314	201,761	-	300,075
Investment property	122,152	-	-	122,152
Deferred taxation	41,916	73,781	(14,998)	100,699
Goodwill	197,550	616,235	-	813,785
Intangible assets	4,647	142,539	-	147,186

#### Significant segment liabilities

Transactional deposits	31,456	-	-	31,456
Current taxation payable	(779)	27,874	(65)	27,030
Trade and other payables	34,825	73,245	7,166	115,236
Other loans	-	434,097	-	434,097
Lease liabilities	110,072	217,777	-	327,849
Fixed and notice deposits	627,374	-	-	627,374
Commercial paper	-	-	2,298,240	2,298,240

\* The disclosure for the NA geographical segment as previously presented has been further enhanced by separating NA operating and corporate information.

## **Notes to the condensed consolidated financial statements**

Finbond Group Limited is a company domiciled in South Africa. The condensed consolidated financial statements of the Company as at and for the six months ended 31 August 2023 comprise the Company and its subsidiaries (together referred to as the “Group”).

### **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) IAS 34 Interim Financial Reporting, and financial pronouncements as issued by the Financial Reporting Standards Council. It does not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated annual financial statements of the Group as at and for the year ended 28 February 2023.

The accounting policies applied by the Group in these condensed consolidated financial statements are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

### **Use of judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 28 February 2023. Significant judgements include:

#### *Impairment losses on loans and advances*

The Group uses quantitative and qualitative estimates for calculating expected credit losses (ECL) for unsecured loans and other advances and secured loans and other advances to customers. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The ECL is calculated using statistical models which incorporate observable data to give a best estimate of expected default rates and the loss given default (LGD). The LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the business group expects to receive, considering cash flows from any collateral. Statistical models are tailored for customer segments that have similar credit loss characteristics (i.e., by geography and product type). Where ECL has been raised for individual exposures, management assesses the historical and expected cash flows and the recoverability of collateral at an individual exposure level. Model validation procedures are in place to ensure that the input assumptions applied within the models are a statistically reliable estimate.

In line with the fundamental principles of IFRS 9 Financial Instruments, the group holds a provision against potential future losses resulting from changes in the economic environment. These forward-looking economic expectations are included in the ECL where adjustments are based on the group’s macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. In addition to forward-looking macroeconomic information (FLI), other types of FLI, such as specific event risks and industry data, are considered in ECL estimates

when required, through the application of management overlays. All model adjustments and management overlays are subject to group governance committee oversight. Continual oversight is provided by management and committees to monitor the reliability of financial reporting under IFRS 9.

The ECL has been calculated using statistical models that incorporate the continued economic impact of COVID-19 (and the related phasing out of US consumer directed stimulus) on our industry. The current observable data and the forward-looking expectations in the models consider the uncertainty surrounding the timing of future defaults related to the pandemic's impact on the economy. Negative, positive, and most likely scenarios have been determined based on independently sourced economic data and these scenarios have been weighted to determine a probabilistic view of the economy going forward.

#### *Impairment of goodwill and intangible assets*

The recoverable amounts of cash-generating units (CGUs) 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 assumptions may change, which may impact estimations and may then require adjustments to the carrying value of goodwill and intangible assets.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Management regards the useful lives of goodwill and intangibles within CGUs to be indefinite, with impairment testing being performed annually, by comparing the net carrying value of the CGUs to the estimated recoverable amount. Additionally, a quantified impairment test is performed if, at the end of a reporting period, there is an indication of impairment outside of the annual testing cycle.

Management's assessment at the end of the current reporting period was that there were no indicators of impairment. The indicator-based assessment was primarily informed by the fact that all CGUs were either ahead of budget, or tracking budget and performing profitably and well.

#### *Deferred tax assets*

The Group recognises deferred tax assets for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Although management go to great lengths and consider all available information in making this assessment, future projections require the use of significant judgement, estimates and assumptions.

#### *Going concern*

The directors have reviewed Group budgets, cash flow forecasts, as well as capital and liquidity stress testing for the next 5 years and considered the Group's ability to continue as a going concern in context of the current and anticipated economic environment. Factors considered include – the impact of the continued slower COVID recovery in our industry (particularly in North America due to unprecedented US consumer stimulus that directly targets our lower income earning customers), the continued replacement of Illinois sales volumes and products due to regulatory changes in this US State in March 2021, and the current inflated global inflationary environment.

It should be noted again that a high degree of judgement is required to estimate the full financial effect for the year ahead, and beyond. The above factors also serve to confirm that uncertainties lie ahead, and that the timing and magnitude of our various recovery and growth initiatives will continue to be influenced by them.

## Loans and advances

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

R'000	Stage 1	Stage 2	Stage 3 excluding interest in suspense *	Interest in suspense *	Total
<b>Consumer loans and advances</b>					
<b>31 August 2023</b>					
Gross loans and advances before impairment	1,223,691	171,651	1,224,592	59,254	2,679,188
Expected credit loss allowance	(29,341)	(69,934)	(1,101,535)	(53,020)	(1,253,830)
<b>Net loans and advances</b>	<b>1,194,350</b>	<b>101,717</b>	<b>123,057</b>	<b>6,234</b>	<b>1,425,358</b>
ECL coverage (%)	2.4%	40.7%	90.0%	89.5%	46.8%
<b>31 August 2022</b>					
Gross loans and advances before impairment *	1,003,942	211,317	892,226	55,725	2,163,210
Expected credit loss allowance *	(34,897)	(85,888)	(791,132)	(50,766)	(962,683)
<b>Net loans and advances</b>	<b>969,045</b>	<b>125,429</b>	<b>101,094</b>	<b>4,959</b>	<b>1,200,527</b>
ECL coverage (%)	3.5%	40.6%	88.7%	91.1%	44.5%
<b>28 February 2023</b>					
Gross loans and advances before impairment *	1,048,093	190,597	1,033,601	59,265	2,331,556
Expected credit loss allowance *	(38,366)	(81,989)	(925,838)	(54,152)	(1,100,345)
<b>Net loans and advances</b>	<b>1,009,727</b>	<b>108,608</b>	<b>107,763</b>	<b>5,113</b>	<b>1,231,211</b>
ECL coverage (%)	3.7%	43.0%	89.6%	91.4%	47.2%

\* Please refer below for details of the restatement

## Mortgage loans and specialised finance loans

<b>31 August 2023</b>					
Gross loans and advances before impairment	48,577	11,003	94,523	28,514	182,617
Expected credit loss allowance	(1,349)	(1,194)	(50,282)	(18,507)	(71,332)
<b>Net loans and advances</b>	<b>47,228</b>	<b>9,809</b>	<b>44,241</b>	<b>10,007</b>	<b>111,285</b>
ECL coverage (%)	2.8%	10.9%	53.2%	64.9%	39.1%

### 31 August 2022

Gross loans and advances before impairment	60,891	13,590	94,126	21,564	190,171
Expected credit loss allowance	(1,314)	(1,576)	(37,480)	(11,622)	(51,992)
<b>Net loans and advances</b>	<b>59,577</b>	<b>12,014</b>	<b>56,646</b>	<b>9,942</b>	<b>138,179</b>
ECL coverage (%)	2.2%	11.6%	39.8%	53.9%	27.3%

### 28 February 2023

Gross loans and advances before impairment	60,331	9,209	92,471	23,069	185,080
Expected credit loss allowance	(818)	(919)	(48,945)	(13,774)	(64,456)
<b>Net loans and advances</b>	<b>59,513</b>	<b>8,290</b>	<b>43,526</b>	<b>9,295</b>	<b>120,624</b>
ECL coverage (%)	1.4%	10.0%	52.9%	59.7%	34.8%

### Restatement: Correction of prior period error

Finbond previously partially derecognised/wrote-off loans that were transferred into operational collection status (see note 1.10.5 to the 2023 annual financial statements). This accounting policy did not comply with the derecognition requirements in IFRS 9 and resulted in a prior period error. The accounting policy has been corrected to no longer recognize partial write-offs and to only derecognise the gross carrying amount and related expected credit loss allowance relating to the entire loan, when there is no longer any reasonable expectation of recovery of the entire loan balance.

This change has no impact on the statement of financial position or the statement of comprehensive income.

The following tables summarise the impact on the notes to the Group's consolidated financial statements for the six months ended 31 August 2022 and the year ended 28 February 2023:

R'000	Impact of correction of error		
	As previously reported	Adjustments	As restated
<b>Loans and advances</b>			
<b>Consumer loans and advances</b>			
<i>Analysis of net loans and advances by region - 31 August 2022</i>			
<b>Gross loans and advances</b>	<b>1,392,132</b>	<b>771,078</b>	<b>2,163,210</b>
South Africa	423,892	256,486	680,378
North America	968,240	514,592	1,482,832
<b>Expected credit loss allowance</b>	<b>(191,605)</b>	<b>(771,078)</b>	<b>(962,683)</b>
South Africa	(83,993)	(256,486)	(340,479)
North America	(107,612)	(514,592)	(622,204)
<b>Net loans and advances</b>	<b>1,200,527</b>	<b>-</b>	<b>1,200,527</b>



South Africa	339,899	-	339,899
North America	860,628	-	860,628
ECL coverage (%)	14%	100%	45%

**Movements in the allowance for impairment:**

Balance at 1 March 2022	(176,949)	(725,109)	(902,058)
Movement for the current period	(5,504)	3,192	(2,312)
Foreign exchange movements	(9,152)	(49,161)	(58,313)
<b>Balance at 31 August 2022</b>	<b>(191,605)</b>	<b>(771,078)</b>	<b>(962,683)</b>

*Analysis of net loans and advances by region - 28 February 2023*

<b>Gross loans and advances</b>	<b>1,414,271</b>	<b>917,285</b>	<b>2,331,556</b>
South Africa	420,825	300,843	721,668
North America	993,446	616,442	1,609,888
<b>Expected credit loss allowance</b>	<b>(183,060)</b>	<b>(917,285)</b>	<b>(1,100,345)</b>
South Africa	(104,454)	(300,843)	(405,297)
North America	(78,606)	(616,442)	(695,048)
<b>Net loans and advances</b>	<b>1,231,211</b>	<b>-</b>	<b>1,231,211</b>
South Africa	316,371	-	316,371
North America	914,840	-	914,840
ECL coverage (%)	13%	100%	47%

**Movements in the allowance for impairment:**

Balance at 1 March 2022	(176,949)	(725,109)	(902,058)
Movement for the current year	(8,243)	(97,328)	(105,571)
Foreign exchange movements	2,132	(94,848)	(92,716)
<b>Balance at 28 February 2023</b>	<b>(183,060)</b>	<b>(917,285)</b>	<b>(1,100,345)</b>

**Net impairment charge**

*For the 6 months ended 31 August 2022:*

Loans and advances			
Movement in expected credit loss allowance	5,504	(3,192)	2,312
Bad debts written off	295,634	(13,515)	282,119
Bad debts recovered	(110,355)	16,707	(93,648)
	<b>190,783</b>	<b>-</b>	<b>190,783</b>
Other financial assets	1,406	-	1,406
Trade and other receivables	1,114	-	1,114
<b>Total</b>	<b>193,303</b>	<b>-</b>	<b>193,303</b>

*For the year ended 28 February 2023:*

Loans and advances			
Movement in expected credit loss allowance	8,243	97,328	105,571
Bad debts written off	613,761	(131,257)	482,504
Bad debts recovered	(217,932)	33,929	(184,003)
	<b>404,072</b>	-	<b>404,072</b>
Other financial assets	1,406	-	1,406
Trade and other receivables	5,513	-	5,513
<b>Total</b>	<b>410,991</b>	-	<b>410,991</b>

### Fair value measurement

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

Level 1: Fair value is based on quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as derived from quoted 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 where all significant inputs are directly observable from market data.

Level 3: Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all assets and liabilities where 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 where significant unobservable adjustments or assumptions are required, to reflect differences between the instruments.

### Financial risk management

Fair value hierarchy and classification of financial assets and financial liabilities:

	Amortised cost	FVTPL	Total	Fair value	Hierarchy of valuation technique
R'000					
<b>31 August 2023</b>					
<b>Financial assets</b>					
Cash and cash equivalents	678,453	-	678,453	678,453	#
Other financial assets	318,212	33,491	351,703	351,703	Level 2
Loans and advances	1,536,643	-	1,536,643	1,536,643	#
Trade and other receivables	103,453	-	103,453	103,453	#
<b>Financial liabilities</b>					
Transactional deposits	36,534	-	36,534	36,534	#

Trade and other payables	117,294	-	117,294	117,294	#
Other loans	465,947	-	465,947	465,947	#
Lease liabilities	323,663	-	323,663	323,663	#
Fixed and notice deposits	583,430	-	583,430	468,280	Level 2
Commercial paper	2,413,806	-	2,413,806	2,394,547	Level 2

### 31 August 2022

#### Financial assets

Cash and cash equivalents	674,470	-	674,470	674,470	#
Other financial assets	321,049	64,535	385,584	385,584	Level 2
Loans and advances	1,338,706	-	1,338,706	1,338,706	#
Trade and other receivables	151,983	-	151,983	151,983	#

#### Financial liabilities

Bank Overdraft	3,457	-	3,457	3,457	#
Transactional deposits	27,743	-	27,743	27,743	#
Trade and other payables	91,715	-	91,715	91,715	#
Other loans	347,912	-	347,912	347,912	#
Lease liabilities	369,963	-	369,963	369,963	#
Fixed and notice deposits	695,542	-	695,542	658,480	Level 2
Commercial paper	2,206,115	-	2,206,115	2,194,672	Level 2

### 28 February 2023

#### Financial assets

Cash and cash equivalents	825,021	-	825,021	825,021	#
Other financial assets	269,228	66,708	335,936	335,936	Level 2
Loans and advances	1,351,835	-	1,351,835	1,351,835	#
Trade and other receivables	101,901	-	101,901	101,901	#

#### Financial liabilities

Transactional deposits	31,456	-	31,456	31,456	#
Trade and other payables	111,123	-	111,123	111,123	#
Other loans	434,097	-	434,097	434,097	#
Lease liabilities	327,849	-	327,849	327,849	#
Fixed and notice deposits	627,374	-	627,374	594,300	Level 2
Commercial paper	2,298,240	-	2,298,240	2,292,200	Level 2

# The fair value closely approximates their carrying amount due to their short-term nature or on-demand repayment terms.

#### Valuation techniques used to derive level 2 and 3 fair values

Level 2 fair values of other financial assets have been derived by using the rate as available in active markets.

Level 3 fair values of investment properties have been generally derived using the market value, the comparable sales method of valuation, and the residual land valuation method, as applicable to each property.

The fair value is determined by external, independent property valuers, having appropriate, recognised professional qualifications and recent experience in the location and category of the properties being valued. Independent external valuations are performed at a minimum of every 3 years unless management's annual fair value assessment indicates material changes to the property market and/ or underlying assumptions and inputs into current valuation models.

#### Reconciliation of assets and liabilities measured at level 3

R'000	Opening balance	Capitalised expenses	Gains recognised in profit or loss	Closing balance
<b>Assets</b>				
Investment property	122,152	569	-	122,721

No transfers of assets and liabilities within levels of fair value hierarchy occurred during the current period. There were no additions or disposals of investment properties during the period.

#### Going concern

The financial statements have been prepared on a going concern basis. The basis presumes that management neither intends to cease trading nor has reason to believe that the foreseeable future of the Company is in doubt.

**References to future financial performance included anywhere in this announcement have not been reviewed or reported on by the Group's external auditors.**

For and on behalf of the Board

Dr Malesela Motlatla

Dr Willem van Aardt

Released on SENS on 20 October 2023

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**TRADING HISTORY**


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Date	Close cents	High cents	Low cents	Value Rand	Volume
<b>Last 12 months:</b>					
September 2023	35	46	35	87 139	222 843
August 2023	40	49	33	678 718	1 750 801
July 2023	39	43	-	306 788	854 345
June 2023	39	49	-	19 364 608	76 895 984
May 2023	28	47	-	980 116	3 311 745
April 2023	30	39	-	1 284 711	4 487 612
March 2023	30	31	-	1 139 290	4 014 824
February 2023	28	39	25	13 604 978	51 599 670
January 2023	29	55	28	3 953 303	12 461 438
December 2022	34	35	31	507 442	1 532 941
November 2022	32	37	28	1 465 148	4 810 293
October 2022	30	49	-	1 665 183	5 062 083
<b>Last 30 Trading days</b>					
31 October 2023	29	30	28	146 347	492 503
30 October 2023	33	33	33	86 974	263 559
27 October 2023	37	37	30	3 750	12 178
26 October 2023	33	33	33	15 911	48 218
25 October 2023	35	35	34	33 873	99 413
24 October 2023	34	34	31	31 947	94 026
23 October 2023	33	33	31	36 930	112 117
20 October 2023	35	35	33	61 262	183 060
19 October 2023	35	35	34	175 984	502 895
18 October 2023	35	35	35	28 297	80 851
17 October 2023	35	35	33	15 262	44 521
16 October 2023	35	37	33	4 064	11 577
13 October 2023	35	35	34	36 259	105 526
12 October 2023	33	37	31	114 210	342 778
11 October 2023	37	37	35	106 271	302 999
10 October 2023	40	40	35	2 101	5 664
9 October 2023	38	38	38	20 105	52 910
6 October 2023	38	40	38	64 516	168 464
5 October 2023	38	41	38	11 500	29 000
4 October 2023	41	41	39	8 843	22 485
3 October 2023	41	41	38	3 015	7 519
2 October 2023	41	41	37	38 002	99 462
29 September 2023	40	0	0	0	0
28 September 2023	40	41	38	75 794	188 632
27 September 2023	38	38	36	37 519	100 208
26 September 2023	38	38	38	1 520	4 000
22 September 2023	38	0	0	0	0
21 September 2023	38	45	38	17 805	46 318
20 September 2023	43	43	43	430	1 000
19 September 2023	39	40	39	38 132	97 655

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**STATUTORY REQUIREMENTS IN RESPECT OF THE REPURCHASE**

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- 1.1 Given that the Repurchase will result in Finbond acquiring in excess of 5% of Finbond's issued share capital, the Repurchase is subject to the provisions of sections 48, 114 and 115 of the Companies Act.
- 1.2 In terms of section 115 of the Companies Act, the Repurchase may only be implemented if:
  - 1.2.1 the Special Resolutions is approved in terms of section 115 of the Companies Act (requiring a 75% majority of Finbond shareholders present and entitled to exercise voting rights voting in favour of the resolution) by persons entitled to exercise voting rights on such matter (being those Finbond shareholders registered as such on the voting record date) at the General Meeting and at which meeting sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter; and
  - 1.2.2 the TRP has issued a compliance certificate in respect of the Repurchase in terms of section 115(1)(b) of the Companies Act
- 1.3 Despite the Special Resolutions having been adopted approving the Repurchase, the Company may not proceed to implement the Repurchase without the approval of the court if:
  - 1.3.1 the Special Resolutions was opposed by at least 15% of the voting rights that were exercised on that resolution, and within 5 business days after the vote, any person who voted against the Special Resolutions requires the company to seek court approval; or
  - 1.3.2 the court, on application within 10 Business Days after the vote by any person who voted against the Special Resolutions, grants that person leave to apply to a court for a review of the Repurchase.
- 1.4 If the Special Resolutions requires approval by a court as contemplated in terms of paragraph 21.3.1, the company must either:
  - 1.4.1 within 10 Business Days after the vote apply to the court for approval, and bear the costs of that application; or
  - 1.4.2 treat the Special Resolutions as a nullity.
- 1.5 On application contemplated in paragraph 5.3.2, the court may grant leave to that person to apply to court for a review of the Repurchase only if satisfied that the applicant:
  - 1.5.1 is acting in good faith;
  - 1.5.2 appears prepared and able to sustain the proceedings; and
  - 1.5.3 has alleged facts which if proved would support an order in terms of paragraph 5.6 below.
- 1.6 On reviewing the Special Resolutions that is the subject of an application contemplated in paragraph 5.4.1 or after granting leave as contemplated in paragraph 5.5, the court may set aside the Special Resolutions only if:
  - 1.6.1 the resolution is manifestly unfair to the company's shareholders; or
  - 1.6.2 the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation of the Company or other significant and material procedural irregularity.
- 1.7 A copy of section 115 of the Companies Act is attached to the notice of General Meeting forming part of this Circular as Annexure 7.

EXTRACT OF SECTION 115 OF THE COMPANIES ACT – REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN PART OF CHAPTER 5 OF THE COMPANIES ACT

- (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
    - (i) dispose of all or the greater part of the assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement,

the Panel has issued a compliance notice in respect of the transaction in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a Special Resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter; and
  - (b) by a Special Resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary substantially constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) present in satisfaction of the quorum requirement; or
  - (b) voted in support of a resolution.
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
- (a) apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and(c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a Special Resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that Special Resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."



## EXTRACT OF SECTION 164 OF THE COMPANIES ACT – DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
  - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113, or 114,that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (i) withdrawn that notice; or
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - (a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and
    - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must state:
  - (a) the shareholder's name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and

- (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - (c) the company revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made. (13.) If a shareholder accepts an offer made under subsection (12):
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and
      - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

- (a) that shareholder must comply with the requirements of subsection (13)(a); and
- (b) the company must comply with the requirements of subsection (13)(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:

- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
- (b) the court may make an order that:
  - (i) is just and equitable, having regard to the financial circumstances of the company; and
  - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
  - (b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.



**FINBOND GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE00013895  
("Finbond" or "the Company")

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## **NOTICE OF GENERAL MEETING**

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**All terms defined in the Circular to which this Notice of General Meeting is attached ("Circular") shall bear the same meanings herein.**

Notice is hereby given that a general meeting of Shareholders will be held electronically at 16:00 on Friday, 8 December 2023 (the "General Meeting"), for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below ("Resolutions").

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend, participate and vote at the General Meeting in the place of the Shareholder;
- Shareholders are referred to the attached form of proxy in this regard and the date by which it must be received as set out below; and
- a proxy need not be a Shareholder.

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### **Important dates to note in relation to the General Meeting**

**2023**

Record date to be entitled to receive this Circular	Friday, 3 November
Last day to trade to be recorded in the Company's register in order to be eligible to vote at the General Meeting	Tuesday, 28 November
Record date in order to be eligible to participate in and vote at the General Meeting	Friday, 1 December
Receipt of forms of proxy in respect of the General Meeting of Shareholders by 16:00 on	Wednesday, 6 December

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Finbond Shareholders recorded in the Register of the Company on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting: in this regard, all Finbond Shareholders recorded in the Register of the Company on the Voting Record Date will be required to provide identification satisfactory to the chair of the General Meeting. Forms of identification include valid identity documents, driver's licenses and passports.

**Special Resolution Number 1: APPROVAL OF THE NET1 REPURCHASE IN TERMS OF SECTIONS 48(8)(B), 114(1)(E) AND 115(2)(A) OF THE COMPANIES ACT AND PARAGRAPH 5.69 OF THE JSE LISTINGS REQUIREMENTS TERMS OF SECTIONS 48(8)**

“RESOLVED THAT Finbond be and is hereby authorised, in terms section 48(8)(b) read with sections 114(1)( e) and 115(2)(a) of the Companies Act, as a specific authority in terms of paragraph 5.69 of the JSE Listings Requirements, and in terms of the Finbond MOI, to repurchase 220 523 358 Finbond shares (representing approximately 24.97% of the total issued Finbond Shares) at a price of 29.11 cents per Finbond share from Net1, subject to the Repurchase Conditions and the other terms set out in the Circular, and upon implementation of the Repurchase, to delist the Repurchase Shares and restore such Finbond Shares to the authorised, but unissued, share capital of Finbond.”

**Voting Requirement**

Special Resolution Number 1 will, in terms of the Companies Act and the JSE Listings Requirements, require support of at least 75% of the voting rights exercised thereon at the General Meeting by the Shareholders present in person or represented by proxy, excluding the votes of Net1 as the Excluded Shareholder not entitled to vote on Special Resolution Number 1 and the Treasury Shares, to be approved.

A quorum for the purposes of considering Special Resolution Number 1 shall comprise 25% of the total number of votes exercisable by shareholders, excluding Net1 and the Treasury Shares

**Reason and effect**

The reason for Special Resolution Number 1 is for Shareholders to approve the Repurchase in terms of sections 48(8)(b) and 115(2)(a) of the Companies Act and paragraph 5.69 of the JSE Listings Requirements. In terms of section 48(8)(b) of the Companies Act, the Repurchase is subject to the requirements of section 114 and 115 of the Companies Act if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares.

**Special Resolution Number 2: APPROVAL OF THE MIT REPURCHASE IN TERMS OF SECTIONS 48(8)(B), 114(1)(E) AND 115(2)(A) OF THE COMPANIES ACT AND PARAGRAPH 5.69 OF THE JSE LISTINGS REQUIREMENTS TERMS OF SECTIONS 48(8)**

RESOLVED THAT Finbond be and is hereby authorised, in terms section 48(8)(b) read with sections 114(1)( e) and 115(2)(a) of the Companies Act, as a specific authority in terms of paragraph 5.69 of the JSE Listings Requirements, and in terms of the Finbond MOI, to repurchase 120 000 000 Finbond shares (representing approximately 13.59% of the total issued Finbond Shares) at a price of 29.11 cents per Finbond share from MIT, subject to the Repurchase Conditions and the other terms set out in the Circular, and upon implementation of the Repurchase, to delist the Repurchase Shares and restore such Finbond Shares to the authorised, but unissued, share capital of Finbond.”

**Voting Requirement**

Special Resolution Number 2 will, in terms of the Companies Act and the JSE Listings Requirements, require support of at least 75% of the voting rights exercised thereon at the General Meeting by the Shareholders present in person or represented by proxy, excluding the votes of MIT as the Excluded Shareholder not entitled to vote on Special Resolution Number 2 and the Treasury Shares, to be approved.

A quorum for the purposes of considering Special Resolution Number 2 shall comprise 25% of the total number of votes exercisable by shareholders, excluding MIT and the Treasury Shares.

**Reason and effect**

The reason for Special Resolution Number 2 is for Shareholders to approve the Repurchase in terms of sections 48(8)(b) and 115(2)(a) of the Companies Act and paragraph 5.69 of the JSE Listings Requirements. In terms of section 48(8)(b) of the Companies Act, the Repurchase is subject to the requirements of section 114 and 115 of the Companies Act if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares.

**Special Resolution Number 3: REVOCATION OF SPECIAL RESOLUTIONS NUMBER 1 AND/OR NUMBER 2 IF THE REPURCHASE DOES NOT BECOME UNCONDITIONAL, IS NOT CONTINUED AND DISSENTING SHAREHOLDERS HAVE EXERCISED APPRAISAL RIGHTS UNDER SECTION 164 OF THE COMPANIES ACT**

"RESOLVED THAT, as a special resolution in terms of section 164(9)(c) of the Companies Act subject to and in the event of –

- (i) Special Resolution Number 1 and/or Special Resolution Number 2 being approved by the Shareholders;
- (ii) the Repurchase not becoming unconditional for whatever reason;
- (iii) the Company making an announcement in writing to Shareholders to the effect that the Repurchase shall not be continued or pursued any further, made unconditional or revived; and
- (iv) any Dissenting Shareholders of Finbond having exercised their Appraisal Rights under section 164 of the Companies Act,

Special Resolution Number 1 and/or Special Resolution Number 2 are/is revoked with effect from the date of the announcement contemplated in (iii) above, as contemplated in section 164(9)(c) of the Companies Act, and accordingly any Shareholder that has sent a demand to the Company in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of its Shares, shall have no rights to be so paid under section 164 of the Companies Act in that the Repurchase did not and shall not become effective."

**Voting requirement**

The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% of the voting rights exercised on the resolution by Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding the Treasury Shares.

**Reason and effect**

Special Resolution Number 1 and/or Special Resolution Number 2 are/is revoked with effect from the date of the announcement contemplated in (iii) above, as contemplated in section 164(9)(c) of the Companies Act, and accordingly any Shareholder that has sent a demand to the Company in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of its Shares, shall have no rights to be so paid under section 164 of the Companies Act in that the Repurchase did not and shall not become effective.

Special Resolution Number 3 will only be put to Shareholders to vote on if Finbond receives written notice from any Shareholder objecting to the Repurchase in terms of section 164(3) of the Companies Act.

**GENERAL INSTRUCTIONS AND INFORMATION**

All Shareholders are encouraged to attend, speak and vote at the General Meeting and are entitled to appoint a proxy to attend, participate in and vote at the General Meeting in the place of the Shareholder, or to appoint a proxy or proxies. The proxy duly appointed to act on behalf of a Shareholder need not be a shareholder of the Company.

On a show of hands, every Shareholder present in person or represented shall have 1 (one) vote only. On a poll, every Shareholder present in person, by proxy or represented shall have 1 (one) vote for every Share held.

A Shareholder who wishes to appoint a proxy to represent him/her at the General Meeting, is required to:

- complete the attached form of proxy;
- lodge the completed form of proxy with the Company's Transfer Secretaries in South Africa, JSE Investor Services (Proprietary) Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 or posted to JSE Investor Services South Africa (Proprietary) Limited, PO Box 4844, Johannesburg, 2000, no later than 48 hours before the time appointed for the holding of the General Meeting (excluding Saturdays, Sundays and public holidays).

Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Companies Act.

Unless revoked before then, a signed form of proxy shall remain valid at any adjournment or postponement of the General Meeting and the proxy so appointed shall be entitled to vote, as indicated on the form of proxy, on any resolution (including any resolution which is amended or modified) at such General Meeting or any adjournment or postponement thereof.

Please note that if you are the owner of Dematerialised Shares held through a Central Securities Depository Participants (CSDP) or broker and are not registered as an "own-name" Dematerialised Shareholder, you are not a registered Shareholder of the Company, but appear on the sub-register of the Company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to attend the General Meeting but wish to be represented at the General Meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the General Meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them. CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of Dematerialised Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold Dematerialised Shares in the Company, may vote by either appointing a duly authorised representative to attend and vote at the General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and, for administrative reasons, returning it to the Company Secretary no less than 48 hours before the General Meeting.

You will also be required to furnish a copy of such form of proxy to the chairman of the General Meeting or his/her nominee before the appointed proxy exercises any of your Shareholder rights at the General Meeting (or any postponement or adjournment of the General Meeting).

Note that voting will be performed by way of a poll so that each Shareholder present or represented by way of proxy will be entitled to vote the number of Shares held or represented by them. Shareholders which are companies and wish to participate in the General Meeting may authorise any person to act as their representative at the General Meeting.

## **PARTICIPATION**

Shareholders are requested to participate electronically in the General Meeting, in accordance with the provisions of the Companies Act. Shareholders wishing to participate in the General Meeting are required to deliver written notice to the Company Secretary at the Company's business address at Rigel Park, 446 Rigel Avenue, Erasmusrand, Pretoria, 0181 or by email to the Company Secretary on [ben@finbond.com](mailto:ben@finbond.com) by no later than 16:00 on Wednesday, 6 December 2023 that they wish to participate via electronic communication at the General Meeting. Teleconference facilities will be made available for this purpose and may be accessed at the Shareholder's cost.

By order of the Board

**Finbond Group Limited**

Per: **Ben Bredenkamp**

*Company Secretary*

9 November 2023





**FINBOND GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE00013895  
("Finbond" or "the Company")

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## **FORM OF PROXY**

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A form of proxy is attached for the convenience of any Shareholder holding certificated Shares who will not attend the General Meeting of Shareholders and wishes to be represented thereat. Forms of proxy may also be obtained on request from the registered offices of the Company.

All completed forms of proxy or letters of representation must be deposited at or posted to the office of the Transfer Secretaries of the Company to be received by no later than 16:00 on Wednesday, 6 December 2023 failing which the form of proxy or letter of representation shall not be valid for use at the General Meeting.

Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Dematerialised Shareholders who have elected "own-name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the General Meeting should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with the Transfer Secretaries, by no later than 16:00 on Wednesday, 6 December 2023.

Dematerialised Shareholders who have not elected "own-name" registration in the sub-register through a CSDP and who wish to attend the General Meeting must instruct their CSDP or broker to issue them with a letter of representation or form of proxy.

Dematerialised Shareholders who have not elected "own-name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the General Meeting should ensure that the person or entity (such as a nominee) whose name has been entered into the sub-register maintained by a CSDP or broker completes and returns the attached form of proxy in terms of which they appoint a proxy to vote at the General Meeting.

By order of the Board

**Finbond Group Limited**  
Per: **Ben Bredenkamp**  
*Company Secretary*

9 November 2023

**Transfer Secretaries**  
**Hand deliveries to:**  
JSE Investor Services (Pty) Ltd, One Exchange Square  
2 Gwen Lane, Sandown  
Sandton, 2196

**Postal deliveries to:**  
PO Box 4844, Johannesburg, 2000



**FINBOND GROUP LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE00013895  
("Finbond" or "the Company")

**FORM OF PROXY**

All terms defined in the Circular to which this Notice of General Meeting is attached ("Circular") shall bear the same meanings herein.

I/We

(full names)

Of (address)

Telephone: Cell

being a Shareholder(s) of the Company, holding  shares in the Company hereby appoint (refer note 1):

or failing him/her,

or failing him/her,

or failing him/her the chairman of the General Meeting as my/our proxy to act for me/us on my/our behalf at the aforementioned General Meeting of Shareholders which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat with or without modification or amendment, and at any adjournment or postponement thereof and to vote for or against such resolutions or to abstain from voting and to vote for or against any motions to postpone or adjourn the General Meeting or to abstain from voting, in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions:

Insert an "X" in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of shares in respect of which you desire to vote. Unless otherwise instructed. My/Our proxy can vote as he/she deems fit.

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1.	<b>Special Resolution Number 1:</b> Specific Authority to Repurchase Shares			
2.	<b>Special Resolution Number 2:</b> Specific Authority to Repurchase Shares			

3.	<b>Special Resolution Number 3:</b> Revocation of Special Resolution Number 1 and/or Number 2			
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Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature \_\_\_\_\_

Assisted by (where applicable) signature \_\_\_\_\_

Name of signatory \_\_\_\_\_

Name of assistant \_\_\_\_\_

Capacity \_\_\_\_\_

(Authority of signatory to be attached if applicable) \_\_\_\_\_

## **SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT.**

Please note that in terms of section 58 of the Companies Act:

- This form of proxy must be dated and signed by the shareholder appointing the proxy;
- You may appoint an individual as a proxy, including an individual who is not a shareholder, to participate in and speak and vote at the General Meeting, on your behalf and may appoint more than one proxy to exercise voting rights attached to shares held by you;
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy;
- This form of proxy must be delivered to the Company (at the venue of the General Meeting), or (by the time specified in this form of proxy) to the Transfer Secretaries of the Company in South Africa, namely JSE Investor Services (Pty) Ltd, before your proxy exercises any of your rights as a shareholder at the General Meeting;
- The appointment of your proxy or proxies will be suspended at any time and to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the General Meeting;
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy;
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the General Meeting, but only as directed by you on this form of proxy;
- The appointment of your proxy remains valid only until the end of the General Meeting or any adjournment or postponement, thereof or for a period of one year, whichever is shortest, unless you revoke it before then; and
- The form of proxy shall be valid and shall apply to any adjournment or postponement of the General Meeting to which it relates and shall apply to any resolution proposed at the General Meeting to which it relates and to such resolution as modified or amendment including any such modified or amended resolution to be voted on or at any adjourned or postponed meeting of the General Meeting to which the proxy relates, unless before the adjourned or postponed meeting the appointment of the proxy is revoked.

## NOTES RELATING TO FORM OF PROXY

1. A certificated or own-name dematerialised shareholder or nominee of a CSDP or broker registered as a shareholder in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the General Meeting", but any such deletion must be initiated by the shareholder. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairman shall be deemed to be appointed as the proxy.
2. A shareholder's instructions to the proxy must be indicated in the appropriate space provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the General Meeting as he/ she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. Proxy forms should be lodged with the Company's Transfer Secretaries in South Africa, JSE Investor Services (Pty) Ltd, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 or posted to JSE Investor Services (Pty) Ltd, PO Box 4844, Johannesburg, 2000. Forms of proxy should, for administrative reasons, be received by or lodged with the Company's Transfer Secretaries by no later than 48 hours (excluding Saturdays, Sundays and public holidays) before the General Meeting (i.e. by 16:00 on Wednesday, 6 December 2023 or adjournment thereof) before your proxy exercises any of your shareholder rights at such General Meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the General Meeting (or any adjournment or postponement thereof) and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this form of proxy.
5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of shareholders, will be accepted.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretaries or waived by the chairman of the General Meeting if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered as shareholders in the Company's sub-register voting on instructions from owners of shares registered in the Company's sub-register, are requested to identify the owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company's Transfer Secretaries together with this form of proxy.
7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies but will only be validly made if such alteration or correction is accepted by the chairman of the General Meeting.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company's Transfer Secretaries.
9. Certificated shareholders which are a company or body corporate may by resolution of their directors, or other properly authorised body, in terms of section 57 of the Companies Act, authorise any person to act as their representative.
10. The chairman of the General Meeting may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the Company's Transfer Secretaries or the registered office of the Company.
12. If you are the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own name dematerialised shareholder, then you are not a shareholder of the Company, but appear as the holder of a beneficial interest on the relevant sub-register of the Company held by your CSDP. Accordingly, in these circumstances, do NOT complete this form of proxy subject to the mandate between yourself and your CSDP or broker:
  - if you wish to attend the General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
  - if you are unable to attend the General Meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the General Meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between you and your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the Company's Transfer Secretaries to be received, for administrative reasons, not less than 48 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).