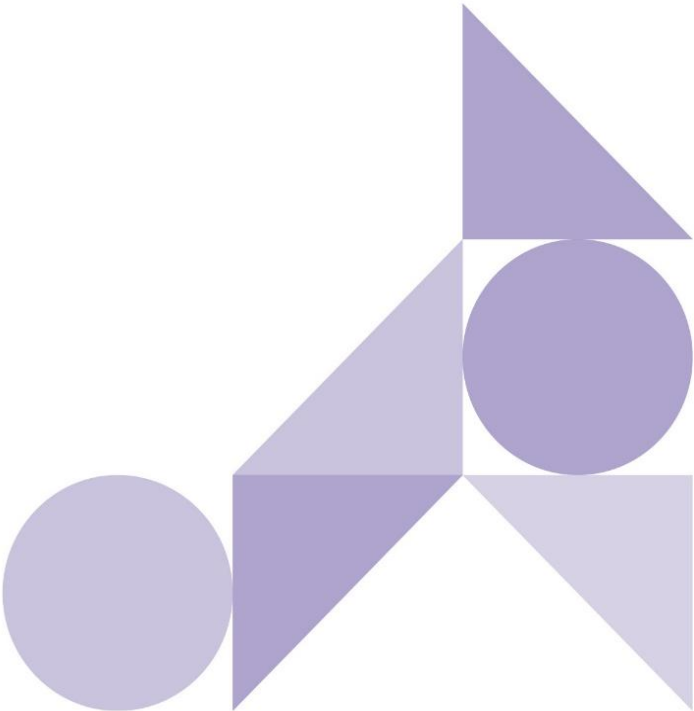




**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 31 March 2021



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Condensed group statement of financial position

R'000	Notes	31-Mar-21	31-Mar-20
<b>Assets</b>			
Equipment		17 862	19 288
Right-of-use assets		5 633	14 099
Intangible assets		-	387
Amount receivable from Old Mutual Alternative Risk Transfer	4	9 914	-
Investment in associate and joint venture	5	-	12 554
Net advances	6	1 071 739	1 314 580
Other receivables		26 260	15 357
Derivatives		18 847	28 700
Tax receivable		1 899	-
Cash and cash equivalents		426 793	326 600
<b>Total assets</b>		<b>1 578 947</b>	<b>1 731 565</b>
<b>Equity</b>			
Share capital and equity notes		1 308 857	1 308 857
Reserves		2 084	2 430
Accumulated loss		(1 029 210)	(1 143 226)
<b>Total equity</b>		<b>281 731</b>	<b>168 061</b>
<b>Liabilities</b>			
Borrowings		1 246 277	1 516 490
Tax liabilities		-	5 232
Provisions		13 469	7 918
Trade and other payables		37 470	33 864
<b>Total liabilities</b>		<b>1 297 216</b>	<b>1 563 504</b>
<b>Total equity and liabilities</b>		<b>1 578 947</b>	<b>1 731 565</b>

## Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

### Condensed group statement of profit or loss

R'000	Notes	Three months ended		Twelve months ended	
		31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Revenue</b>	7	<b>97 533</b>	<b>214 012</b>	<b>637 029</b>	<b>875 810</b>
<b>Gross yield from assets</b>		<b>83 770</b>	<b>193 648</b>	<b>548 410</b>	<b>770 533</b>
Impairments reversal (expense)		61 682	(293 716)	44 132	(399 299)
<b>Net yield</b>		<b>145 452</b>	<b>(100 068)</b>	<b>592 542</b>	<b>371 234</b>
Finance costs		(31 947)	(49 877)	(142 255)	(201 387)
<b>Net margin</b>		<b>113 505</b>	<b>(149 945)</b>	<b>450 287</b>	<b>169 847</b>
Net assurance income - funeral benefits		3 060	7 728	23 518	32 721
Outsourced collection income		10 703	12 636	45 556	54 951
Other income (loss)		2 060	(12 349)	20 629	(3 376)
<b>Net operating income (loss)</b>		<b>129 328</b>	<b>(141 930)</b>	<b>539 990</b>	<b>254 143</b>
Operating expenses		(98 628)	(138 466)	(422 276)	(487 308)
<b>Profit (loss) before taxation</b>		<b>30 700</b>	<b>(280 396)</b>	<b>117 714</b>	<b>(233 165)</b>
Taxation		6 126	(17 298)	(3 696)	(23 631)
<b>Profit (loss) for the period</b>		<b>36 826</b>	<b>(297 694)</b>	<b>114 018</b>	<b>(256 796)</b>

## Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

### Condensed group statement of comprehensive income

R'000	Twelve months ended	
	31-Mar-21	31-Mar-20
<b>Profit (loss) for the period</b>	<b>114 018</b>	<b>(256 796)</b>
<i>Other comprehensive (loss) income:</i>		
Effects of cash flow hedges	(346)	1 955
<b>Total comprehensive income (loss) for the period</b>	<b>113 672</b>	<b>(254 841)</b>

### Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
<i>For the twelve months ended 31 March 2021</i>				
Opening balance	1 308 857	2 430	(1 143 226)	168 061
Profit for the year	-	-	114 018	114 018
Other comprehensive income	-	(346)	-	(346)
<b>Closing balance</b>	<b>1 308 857</b>	<b>2 084</b>	<b>(1 029 208)</b>	<b>281 733</b>
<i>For the twelve months ended 31 March 2020</i>				
Opening balance	1 308 857	475	(886 430)	422 902
Loss for the year	-	-	(256 796)	(256 796)
Other comprehensive income	-	1 955	-	1 955
<b>Closing balance</b>	<b>1 308 857</b>	<b>2 430</b>	<b>(1 143 226)</b>	<b>168 061</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Condensed group statement of cash flows

R'000	31-Mar-21	31-Mar-20
<b>Cash flows (used in) generated from operating activities</b>		
Cash generated by operations	500 505	138 798
Finance costs	(141 590)	(197 636)
Tax paid	(7 372)	(13 891)
	<b>351 543</b>	<b>(72 729)</b>
<b>Cash flows utilised in investing activities</b>		
Additions to equipment	(10 175)	(12 867)
Proceeds on sale of equipment	1 998	852
Investment in Cell Captive preference shares	(1 000)	-
Proceeds on sale of investment in joint venture	10 847	-
Dividend received from associate	-	1 890
	<b>1 670</b>	<b>(10 125)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	160 000	468 000
Repayment of borrowings	(413 020)	(486 577)
	<b>(253 020)</b>	<b>(18 577)</b>
<b>Total cash movement for the period</b>	<b>100 193</b>	<b>(101 431)</b>
Cash and cash equivalents at the beginning of the period	326 600	428 031
<b>Total cash and cash equivalents at the end of the period</b>	<b>426 793</b>	<b>326 600</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Notes to the condensed financial statements

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The registration number of Real People Investment Holdings Limited is 1999/020093/06.

### 1. Basis of preparation

The condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These financial statements do not include all of the information required by International Financial Reporting Standards (IFRS) for full financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2020.

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2020, as described in those annual financial statements. The financial statements are presented in South African Rands.

### 2. Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

##### *Impairment of financial assets*

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's history, existing market conditions in the micro-finance industry as well as forward looking estimates at the end of each reporting period. The most significant single event in the prior year was the impact of the COVID-19 lockdown and on a forward looking basis the expected impact of the transition to the DebiCheck payment mechanism.

##### *Uncertain tax positions*

The nature of certain group financial products gives rise to uncertainty relating to the tax treatment and tax allowances. Appropriate research is conducted and expert opinions obtained to minimise the risk of tax misstatements. With this in mind the group is considered to have adequately provided for its tax liabilities. To the extent that the group's tax methodologies and positions require consultation with relevant experts, this is done after appropriate research and development to mitigate the risk of tax misstatements. In so doing, the group ensures that it meets its tax compliance requirements with the required governance and oversight to support its obligations.

Where the final outcome of tax assessments is different from the amounts that were initially recorded in the accounts, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made.

Doubtful debt allowances on stage 3 impairment provisions under section 11(j) of the Income Tax Act

In the prior year, the group applied for a directive from the South African Revenue Services (SARS) to approve the use of an 85% doubtful debt allowance on stage 3 impairment provisions. Temporary directives were granted on 19 March 2021 in respect of the 2020 tax year. The 2021 directives will be applied for as soon as the audited financial statements are finalised. The financial statements have been prepared on the basis that the 2021 directive will also be granted as provisionally catered for in the current 2020 directive.

##### *Critical judgements in applying accounting policies*

##### *Recognition of deferred tax asset*

The recognition of deferred tax assets on taxable losses in Real People Investment Holdings Limited and subsidiaries has been suspended and the deferred tax assets recognised in prior financial years impaired until there is a history of sustainable profitability.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Notes to the condensed financial statements

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### 2. Accounting estimates and judgements (continued)

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future or to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised in the foreseeable future and there is a history of sustainable profitability. Estimates of future taxable income are based on forecast results from operations and the application of existing taxation laws.

### 3. Dividends

No ordinary dividends were declared or paid to shareholders during the twelve months ended 31 March 2021.

### 4. Amount receivable from Old Mutual Alternative Risk Transfer

The group obtained approval from the Prudential Authority, in terms of section 50(4)(a) of the Insurance Act, 2017, on 26 May 2020 to transfer all of the assets and liabilities relating to its insurance business into a Cell Captive Arrangement with Old Mutual Alternative Risk Transfer (OMART). The transfer date and cell launch took place on 1 July 2020.

The group invested in the preference shares in the OMART Real People Cell Captive which entitles it to the profits of the insurance business that is housed in the cell. The receivable from OMART is measured at the net asset value of the cell at the end of the reporting period.

	<u>31-Mar-21</u> <u>R'000</u>	<u>31-Mar-20</u> <u>R'000</u>
OMART Real People Cell Captive preference shares	1 000	-
OMART Real People Cell Captive profit for the year	8 914	-
	<u>9 914</u>	<u>-</u>

### 5. Investment in associate and joint venture

*Name of company*

Dorreal Properties Proprietary Limited	Joint venture	-	12 176
Imfundo Finance (RF) Limited	Associate	-	378
EFS Holdings Proprietary Limited	Associate	-	-
		<u>-</u>	<u>12 554</u>

The investments in Dorreal Properties (Pty) Ltd and Imfundo Finance (RF) Ltd were sold during the year.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Notes to the condensed financial statements

### 6. Net advances

	<u>31-Mar-21</u> <u>R'000</u>	<u>31-Mar-20</u> <u>R'000</u>
<i>Home Finance</i>		
<i>Performing loans</i>		
Gross advances	442 401	817 465
Impairment of advances	<u>(120 003)</u>	<u>(185 591)</u>
	322 398	631 874
<i>Non-performing loans</i>		
Gross advances	1 529 242	1 448 681
Impairment of advances	<u>(1 358 663)</u>	<u>(1 294 230)</u>
	170 579	154 451
<i>Acquired Debt (formerly known as DMC)</i>		
Gross advances	716 234	763 026
Impairment of advances	<u>(137 472)</u>	<u>(234 771)</u>
	578 762	528 255
<i>Combined</i>		
Gross advances	2 687 877	3 029 172
Impairment of advances	<u>(1 616 138)</u>	<u>(1 714 592)</u>
<b>Net advances</b>	<b><u>1 071 739</u></b>	<b><u>1 314 580</u></b>

### 7. Revenue

	<u>31-Mar-21</u> <u>R'000</u>	<u>31-Mar-20</u> <u>R'000</u>
<i>Revenue other than from contracts with customers</i>		
Interest and similar income	502 819	715 409
Net premiums received	88 655	105 450
<i>Revenue from contracts with customers</i>		
Outsourced collection income	<u>45 556</u>	<u>54 951</u>
	<b><u>637 029</u></b>	<b><u>875 810</u></b>

### 8. Taxation

Recognition of additional deferred tax assets within Real People Investment Holdings Ltd and its subsidiaries remain suspended.

### 9. Segment information

The presentation of segment information corresponds to the current operational and management-related structure of the group.

<i>Reportable segment</i>	<i>Services</i>
Home Finance channel	Provides credit and related financial services (credit life cover) to customers of building supply merchants
Acquired Debt channel *	Purchases non-performing loan portfolios and provides debt collection solutions to credit providers. Owns and collects the discontinued receivables of the group
Outsourced Collections channel*	Collects outstanding debt on the behalf of corporate outsourced clients
RP Life channel	Provides a variety of funeral, disability and loss of income benefits to customers. This channel previously operated from a licenced insurance provider and was known as the Assurance channel. It now operates within a Cell Captive and is known as RP Life.

\* In the prior year the Acquired Debt and Outsourced collections operating segments were combined in the DMC division.



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 March 2021

## Notes to the condensed financial statements

### 9. Segment information (continued)

	Total income after impairment R'000	Profit (loss) before tax R'000
<i>For the twelve months ended 31 March 2021</i>		
Home Finance	267 107	129 052
Acquired Debt	322 975	160 815
Outsourced Collections	45 649	15 675
RP Life	24 250	7 288
Central cost centres and head office functions	22 264	(195 116)
	<b>682 245</b>	<b>117 714</b>

### *For the twelve months ended 31 March 2020*

Home Finance	204 131	(16 116)
Acquired Debt	163 291	(62 380)
Outsourced Collections	54 855	16 139
RP Life	33 650	15 372
Central cost centres and head office functions	(397)	(186 180)
	<b>455 530</b>	<b>(233 165)</b>

	Assets R'000	Liabilities R'000
<i>31 March 2021</i>		
Home Finance	681 900	(644 801)
Acquired Debt	841 856	(884 017)
RP Life	13 726	(17 427)
Central cost centres and head office functions	41 465	249 029
	<b>1 578 947</b>	<b>(1 297 216)</b>

### *31 March 2020*

Home Finance	938 542	(887 191)
Acquired Debt	704 712	(597 631)
RP Life	31 751	(36 530)
Central cost centres and head office functions	56 560	(42 152)
	<b>1 731 565</b>	<b>(1 563 504)</b>