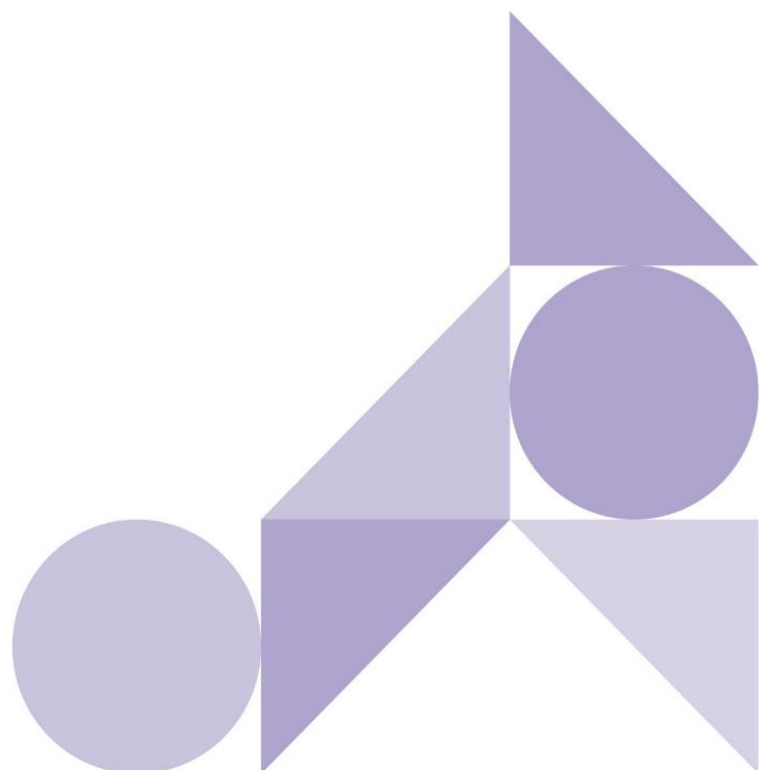


Real People Investment Holdings Limited
Unaudited condensed group financial statements
For the quarter ended 31 December 2020



Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Condensed group statement of financial position

R'000	Notes	31-Dec-20	31-Mar-20
Assets			
Equipment		18 330	19 288
Right-of-use assets		-	14 099
Intangible assets		39	387
Deferred tax		-	-
Investment in associate and joint venture		14 458	12 554
Net advances	4	1 096 220	1 314 580
Other receivables		26 254	15 357
Derivatives		23 836	28 700
Cash and cash equivalents		395 211	326 600
Total assets		1 574 348	1 731 565
Equity			
Share capital and equity notes		1 308 857	1 308 857
Reserves		2 226	2 430
Accumulated loss		(1 066 495)	(1 143 226)
Total equity		244 588	168 061
Liabilities			
Borrowings		1 272 984	1 516 490
Tax liabilities		7 602	5 232
Provisions		8 516	7 918
Trade and other payables		40 658	33 864
Total liabilities		1 329 760	1 563 504
Total equity and liabilities		1 574 348	1 731 565

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Condensed group statement of financial performance

R'000	Notes	Three months ended		Nine months ended	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Revenue	5	164 828	219 491	528 758	654 314
Gross yield from assets		146 323	197 392	464 640	576 885
Impairments		41 544	(39 208)	(17 551)	(105 583)
Net yield		187 867	158 184	447 089	471 302
Finance costs		(32 528)	(49 842)	(110 308)	(151 510)
Net margin		155 339	108 342	336 781	319 792
Net assurance income - funeral benefits		6 234	8 636	20 458	24 993
Outsourced collection income		12 271	13 463	34 853	42 315
Other income		2 152	2 450	18 107	8 973
Net operating income		175 996	132 891	410 199	396 073
Operating expenses		(103 004)	(119 696)	(323 646)	(348 842)
Profit before taxation		72 992	13 195	86 553	47 231
Taxation		(3 697)	(4 163)	(9 822)	(6 333)
Profit for the period		69 295	9 032	76 731	40 898

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Condensed group statement of comprehensive income

R'000	Nine months ended	
	31-Dec-20	31-Dec-19
Profit for the period	76 731	40 898
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	(204)	497
Total comprehensive income for the period	76 527	41 395

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 nine months ended 31 December 2020</i>				
Opening balance	1 308 857	2 430	(1 143 226)	168 061
Profit for the period	-	-	76 731	76 731
Other comprehensive income	-	(204)	-	(204)
Closing balance	1 308 857	2 226	(1 066 495)	244 588
<i>For the nine months ended 31 December 2019</i>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	40 898	40 898
Other comprehensive income	-	497	-	497
Closing balance	1 308 857	972	(845 532)	464 297
<i>For the twelve months ended 31 March 2020</i>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the year	-	-	(256 796)	(256 796)
Other comprehensive income	-	1 955	-	1 955
Closing balance	1 308 857	2 430	(1 143 226)	168 061

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Condensed group statement of cash flows

R'000	31-Dec-20	31-Dec-19
Cash flows (used in) generated from operating activities		
Cash generated by operations	414 916	72 879
Finance costs	(110 308)	(151 510)
Tax paid	(4 069)	(6 589)
	300 539	(85 219)
Cash flows utilised in investing activities		
Additions to equipment	(6 378)	(12 182)
Proceeds on sale of equipment	1 582	463
	(4 797)	(11 719)
Cash flows from financing activities		
Proceeds from borrowings	50 000	413 542
Repayment of borrowings	(277 131)	(366 826)
	(227 131)	46 716
Total cash movement for the period	68 611	(50 222)
Cash and cash equivalents at the beginning of the period	326 600	428 031
Total cash and cash equivalents at the end of the period	395 211	377 809

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Notes to the condensed financial statements

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

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.

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.

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 being the impact of COVID-19.

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.

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Notes to the condensed financial statements

2. Accounting estimates and judgements (continued)

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

The group has applied for a directive from the South African Revenue Services to approve the use of an 85% doubtful debt allowance on stage 3 impairment provisions. The group has not yet received final feedback from the South African Revenue Services in respect of the outcome of the application for a directive. The group's submissions and response to standard follow up queries have been consistent with the process and timing of applications and queries that industry peers have concluded to obtain issued directives. The financial statements have been prepared on the basis that the directive will be granted.

3. Dividends

No ordinary dividends were declared or paid to shareholders during the nine months ended 31 December 2020.

4. Net advances

	31-Dec-20	31-Mar-20
	R'000	R'000
<i>Home Finance</i>		
<i>Performing loans</i>		
Gross advances	465 425	817 465
Impairment of advances	<u>(105 559)</u>	<u>(185 591)</u>
	359 866	631 874
<i>Non-performing loans</i>		
Gross advances	1 542 709	1 448 681
Impairment of advances	<u>(1 362 394)</u>	<u>(1 294 230)</u>
	180 315	154 451
<i>DMC</i>		
Gross advances	747 620	763 026
Impairment of advances	<u>(191 581)</u>	<u>(234 771)</u>
	556 039	528 255
<i>Combined</i>		
Gross advances	2 755 754	3 029 172
Impairment of advances	<u>(1 659 533)</u>	<u>(1 714 592)</u>
Net advances	<u>1 096 220</u>	<u>1 314 580</u>

5. Revenue

	31-Dec-20	31-Dec-19
	R'000	R'000
<i>Revenue other than from contracts with customers</i>		
Interest and similar income	424 759	533 224
Net premiums received	69 145	78 775
<i>Revenue from contracts with customers</i>		
Outsourced collection income	<u>34 853</u>	<u>42 315</u>
	<u>528 758</u>	<u>654 314</u>

6. Taxation

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

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Notes to the condensed financial statements

7. Segment information

The group is undergoing an internal re-organisation and the reporting segments are being being reconsidered and may be amended. As this process is still underway the segment information provided below has been maintained in line with the operational and management-related structure of the group reported at the end of the previous financial year.

The segments are as follows:

- Home Finance provides credit and related financial services (credit life cover) to customers of building supply merchants
- DMC purchases non-performing loan portfolios and provides debt collection solutions to credit providers.
- Assurance, now known as Real People Life operating from a Cell Captive, provides a variety of funeral, disability and loss of income benefits to customers.
- Group Central Services houses the centralised functions which operate across the group. The costs relating to restructuring the group, including the cost of retrenchments, are included in Group Central Services.

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<i>For the nine months ended 31 December 2020</i>			
Home Finance	145 537	(49 877)	95 659
DMC	240 731	(191 764)	48 967
Assurance	20 839	(11 046)	9 793
Group Central Services	3 092	(70 959)	(67 867)
	410 199	(323 646)	86 553

For the nine months ended 31 December 2019

Home Finance	145 349	(111 000)	34 349
DMC	228 747	(199 363)	29 384
Assurance	25 655	(19 819)	5 836
Group Central Services	(3 678)	(18 660)	(22 338)
	396 073	(348 842)	47 231

	Assets R'000	Liabilities R'000
<i>31 December 2020</i>		
Home Finance	718 047	617 832
DMC	770 968	812 736
Assurance	18 828	16 734
Group Central Services	66 505	(117 541)
	1 574 348	1 329 760

31 December 2019

Home Finance	1 073 663	866 930
DMC	947 824	581 706
Assurance	42 043	22 817
Group Central Services	17 612	145 390
	2 081 141	1 616 844

Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 31 December 2020

Notes to the condensed financial statements

7. Segment information (continued)

	Assets R'000	Liabilities R'000
31 March 2020		
Home Finance	938 542	887 191
DMC	704 712	597 631
Assurance	31 751	36 530
Group Central Services	56 560	42 152
	1 731 565	1 563 504
