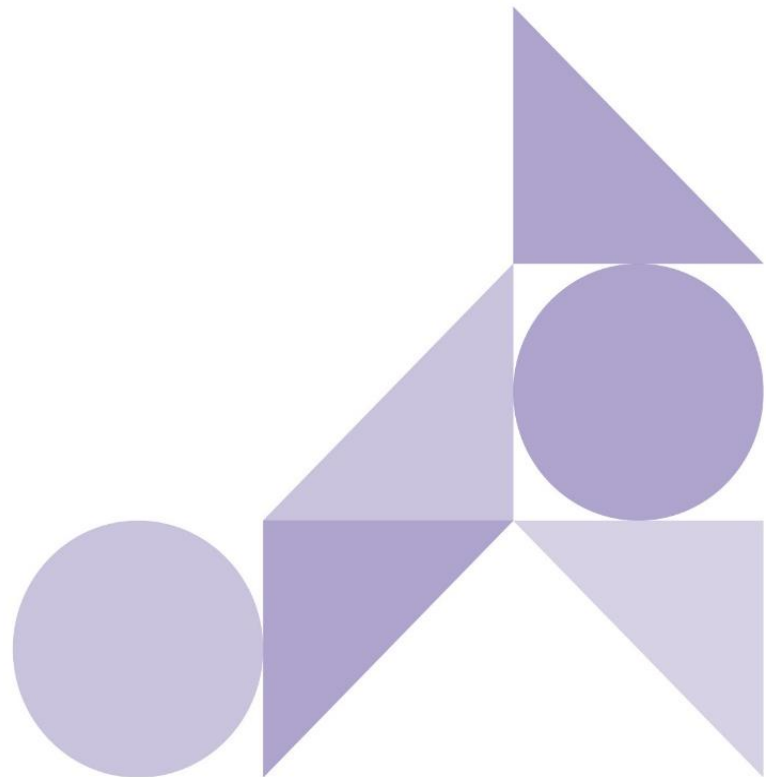


**Real People Investment Holdings Limited**  
**Unaudited condensed group financial statements**  
For the quarter ended 30 June 2020



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Condensed group statement of financial position

R'000	Notes	30-Jun-20	31-Mar-20
<b>Assets</b>			
Equipment		23 195	19 288
Right-of-use asset		11 681	14 099
Intangible assets		231	387
Deferred tax		31 635	26 913
Investment in associate and joint venture		29 033	28 878
Net advances	5	1 334 532	1 511 224
Other receivables		31 978	20 597
Derivatives		31 581	28 700
Cash and cash equivalents		319 311	326 600
<b>Total assets</b>		<b>1 813 177</b>	<b>1 976 686</b>
<b>Equity</b>			
Share capital and equity notes		1 308 857	1 308 857
Reserves		2 107	2 430
Accumulated loss		(929 583)	(903 135)
<b>Total equity</b>		<b>381 381</b>	<b>408 152</b>
<b>Liabilities</b>			
Borrowings		1 378 855	1 516 490
Tax liabilities		12 900	10 246
Provisions		8 664	7 918
Trade and other payables		31 377	33 880
<b>Total liabilities</b>		<b>1 431 796</b>	<b>1 568 534</b>
<b>Total equity and liabilities</b>		<b>1 813 177</b>	<b>1 976 686</b>

Note that the statement of financial position presented above, for both March 2020 and June 2020, is subject to change.

The Group is considering various scenarios to calculate the financial impact of COVID-19 on the Group's forecast cashflows and asset impairments. No forward looking adjustment has been made to the financial accounts for estimation of COVID-19 related impairments in the Group's asset valuations. Management and the Board continue to engage with the Group's lenders, on the possible impacts for a range of scenarios. These condensed financial statements therefore do not yet take into account a forward looking estimate of the impact of COVID-19. An impairment estimate will be included in the annual financial statements for the year ended 31 March 2020 to be finalised and issued in September 2020.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Condensed group statement of financial performance

R'000	Notes	Three months ended	
		30-Jun-20	30-Jun-19
<b>Revenue</b>	6	<b>190 748</b>	<b>211 662</b>
<b>Gross yield from assets</b>		<b>170 793</b>	<b>185 679</b>
Impairments		(84 972)	(33 632)
<b>Net yield</b>		<b>85 821</b>	<b>152 047</b>
Finance costs		(43 143)	(50 240)
<b>Net margin</b>		<b>42 678</b>	<b>101 807</b>
Net assurance income - funeral benefits		7 850	8 176
Outsourced collection income		10 459	14 216
Other income		2 138	3 799
<b>Net operating income</b>		<b>63 125</b>	<b>127 998</b>
Operating expenses		(90 299)	(112 156)
<b>(Loss)/profit before taxation</b>		<b>(27 174)</b>	<b>15 842</b>
Taxation		726	(1 089)
<b>(Loss)/profit for the period</b>		<b>(26 448)</b>	<b>14 753</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Condensed group statement of comprehensive income

R'000	Three months ended	
	30-Jun-20	30-Jun-19
<b>Profit for the period</b>	<b>(26 448)</b>	<b>14 753</b>
<i>Other comprehensive income/(loss):</i>		
Effects of cash flow hedges	(323)	(690)
<b>Total comprehensive income for the period</b>	<b>(26 771)</b>	<b>14 063</b>

## Condensed group statement of changes in equity

R'000	Share capital and equity notes	Cash flow hedging reserve	Retained Income	Total equity
<b><i>For the three months ended 30 June 2020</i></b>				
Opening balance	1 308 857	2 430	(903 135)	408 152
Profit for the period	-	-	(26 448)	(26 448)
Other comprehensive income	-	(323)	-	(323)
<b>Closing balance</b>	<b>1 308 857</b>	<b>2 107</b>	<b>(929 583)</b>	<b>381 381</b>
<b><i>For the three months ended 30 June 2019</i></b>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the period	-	-	14 753	14 753
Other comprehensive income	-	(690)	-	(690)
<b>Closing balance</b>	<b>1 308 857</b>	<b>(215)</b>	<b>(871 677)</b>	<b>436 965</b>
<b><i>For the twelve months ended 31 March 2020</i></b>				
Opening balance	1 308 857	475	(886 430)	422 902
Profit for the year	-	-	(16 705)	(16 705)
Other comprehensive income	-	1 955	-	1 955
<b>Closing balance</b>	<b>1 308 857</b>	<b>2 430</b>	<b>(903 135)</b>	<b>408 152</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Condensed group statement of cash flows

<b>R'000</b>	<b>30-Jun-20</b>	<b>30-Jun-19</b>
<b>Cash flows (used in) generated from operating activities</b>		
Cash generated by (used in) operations	183 384	(905)
Finance costs	(43 143)	(50 240)
Tax paid	(1 341)	(1 143)
	<b>138 900</b>	<b>(52 288)</b>
<b>Cash flows utilised in investing activities</b>		
Additions to equipment	(6 073)	(901)
Proceeds on sale of equipment	389	122
	<b>(5 684)</b>	<b>(779)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	117 997
Repayment of borrowings	(140 505)	(81 769)
	<b>(140 505)</b>	<b>36 229</b>
<b>Total cash movement for the period</b>	<b>(7 289)</b>	<b>(16 838)</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>319 311</b>	<b>411 193</b>

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## 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 2019.

***The Group is considering various scenarios to calculate the financial impact of COVID-19 on the Group's forecast cashflows and asset impairments. No forward looking adjustment has been made to the financial accounts for estimation of COVID-19 related impairments in the Group's asset valuations. Management and the Board continue to engage with the Group's lenders, on the possible impacts for a range of scenarios. These condensed financial statements therefore do not yet take into account a forward looking estimate of the impact of COVID-19. An impairment estimate will be included in the annual financial statements for the year ended 31 March 2020 to be finalised and issued in September 2020.***

The principal accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements, except for the adoption of IFRS 16 Leases set out in note 4 below. 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 additional deferred tax assets on taxable losses in Real People Investment Holdings Limited and subsidiaries has been suspended. The deferred tax assets in prior financial years were impaired resulting from a decision to impair the assets until a proven historical taxable income run rate has been established. This has resulted in a distortion of the group's effective tax rate.

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. Assessment during the uncertainty that arose as a result of COVID-19 therefore requires careful assessment and calculations, which is currently underway. Further details will be provided when the results are finalised for the financial year ended 31 March 2020 during September 2020.

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Notes to the condensed financial statements

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

#### *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.

### 3. Dividends

No ordinary dividends were declared or paid to shareholders during the three months ended 30 June 2020.

### 4. Lease accounting

IFRS 16 Leases became effective from 1 January 2019 and it therefore became applicable in the 2020 financial year. The group elected to apply IFRS 16 retrospectively using the modified approach for operating leases where the group is the lessee. Under the modified approach prior period financial information is not restated. The implementation of IFRS 16 resulted in the recognition of lease liabilities of R24.3 million and accompanying right-of-use assets of R24.3 million at 1 April 2019. The group elected to measure the right-of-use asset at an amount equal to the lease liability. The lease liability was recognised by present-valuing future lease payments using an incremental borrowing rate.

### 5. Net advances

	<u>30-Jun-20</u> <u>R'000</u>	<u>31-Mar-20</u> <u>R'000</u>
<i>Home Finance</i>		
<i>Performing loans</i>		
Gross advances	670 789	815 954
Impairment of advances	<u>(115 027)</u>	<u>(115 574)</u>
	555 762	700 380
<i>Non-performing loans</i>		
Gross advances	1 500 729	1 448 652
Impairment of advances	<u>(1 326 192)</u>	<u>(1 275 820)</u>
	174 537	172 833
<i>DMC</i>		
Gross advances	758 146	765 927
Impairment of advances	<u>(153 913)</u>	<u>(127 916)</u>
	604 232	638 011
<i>Combined</i>		
Gross advances	2 929 664	3 030 534
Impairment of advances	<u>(1 595 132)</u>	<u>(1 519 310)</u>
<b>Net advances</b>	<b><u>1 334 532</u></b>	<b><u>1 511 224</u></b>

***The assessment of further impairment to the March 2020 figures, as a result of COVID-19, is currently underway. The figures are therefore subject to change.***

# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Notes to the condensed financial statements

6. Revenue	30-Jun-20 R'000	30-Jun-19 R'000
<i>Revenue other than from contracts with customers</i>		
Interest and similar income	155 455	171 658
Net premiums received	24 834	25 788
<i>Revenue from contracts with customers</i>		
Outsourced collection income	10 459	14 216
	<b>190 748</b>	<b>211 662</b>

### 7. Taxation

Recognition of additional deferred tax assets within Real People Investment Holdings Ltd and its subsidiaries remain suspended, which has led to a distortion in the taxation charge.

### 8. Segment information

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

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. DMC owns and collects the discontinued receivables.
- Assurance 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.

	Net operating income R'000	Operating expenses R'000	Profit before tax R'000
<b><i>For the three months ended 30 June 2020</i></b>			
Home Finance	8 676	(29 621)	(20 945)
DMC	46 036	(50 114)	(4 078)
Assurance	8 018	(4 073)	3 946
Group Central Services	395	(6 491)	(6 096)
	<b>63 125</b>	<b>(90 299)</b>	<b>(27 174)</b>

#### ***For the three months ended 30 June 2019***

Home Finance	47 971	(35 927)	12 044
DMC	73 273	(63 791)	9 482
Assurance	8 386	(6 011)	2 375
Group Central Services	(1 632)	(6 426)	(8 058)
	<b>127 998</b>	<b>(112 156)</b>	<b>15 842</b>



# Real People Investment Holdings Limited and subsidiaries

Unaudited condensed group financial statements for the quarter ended 30 June 2020

## Notes to the condensed financial statements

### 8. Segment information (continued)

	Assets R'000	Liabilities R'000
<b>30 June 2020</b>		
Home Finance	904 572	774 554
DMC	798 462	572 661
Assurance	42 846	36 319
Group Central Services	67 296	48 262
	<b>1 813 177</b>	<b>1 431 796</b>
<b>30 June 2019</b>		
Home Finance	1 035 437	846 003
DMC	943 215	597 441
Assurance	31 531	14 885
Group Central Services	15 746	130 635
	<b>2 025 929</b>	<b>1 588 964</b>
<b>31 March 2020</b>		
Home Finance	1 053 679	900 420
DMC	831 273	597 646
Assurance	31 751	28 708
Group Central Services	59 983	41 760
	<b>1 976 686</b>	<b>1 568 534</b>