

# Group Condensed Audited Financial Statements

For The Year Ended  
31 December 2020



# Corporate Information

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## Country of incorporation and domicile

Botswana

## Executive directors

D.M Garekwe (Chief Executive Officer)  
M.T Chimedza (Resigned 23/07/2020)

## Registered office

FirstCred Building  
Plot 50362, Fairgrounds Office Park  
Gaborone, Botswana

## Holding company

Getbucks Limited  
Incorporated in Mauritius

## Auditors

BDO  
BDO House-28 Kgale Mews, Gaborone  
International Finance Park, Gaborone Botswana

## Bankers

Bank Gaborone Limited  
First National Bank Botswana Limited  
Stanbic Bank Limited

## Transfer secretary, calculation and paying agent

Transaction Management Services (Proprietary) Limited t/a Corpserve Botswana  
Plot 64516, Fairgrounds Office Park  
Unit 206, Showgrounds Close  
Gaborone Botswana

## Company Registration Number

BW00000391902

## Nature of business and principal activities

The Group manages short-term insurance as a brokerage; and provides micro-financing in the form of short-term and long-term unsecured loans.

## Non-executive directors

J. Sibisibi-Chairman (Resigned 28/02/2020)  
M. Marobela (Chairperson)  
Y. Patson  
W.T. Kambwanji  
W. Kelobang  
D.P Van Der Merwe (Resigned 22/05/2020)

## Business address

FirstCred Building  
Plot 50362, Fairgrounds Office Park  
Gaborone, Botswana

## Ultimate holding company

MHMK Group Limited  
Incorporated in Mauritius

## Legal Advisors

Collins Newman & Co  
Dinatla Court, Plot 4863  
Gaborone, Botswana

## Company Secretary

Onneile Andrew Motsage  
FirstCred Building  
Plot 50362, Fairgrounds Office Park  
Gaborone, Botswana

## Trustee to the notes

Robert Michael Northcote Vinen  
Stevens, Fricker and Associates  
Deloitte House, Plot 64518  
Fairgrounds Office Park, Gaborone, Botswana

## Financial Year

1 January to 31 December 2020

# Commentary

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## Introduction

The Directors have the pleasure of presenting the Group Condensed audited Financial Statements of FirstCred Limited (formerly Getbucks Limited), and its subsidiaries (the “Group” or “FirstCred”) for the year ended 31 December 2020. Customer centric approach underpins the group’s strategy through quick credit decisions and loan disbursements. The Group’s current primary activities are micro-lending and management of short-term insurance as a brokerage.

## FirstCred Change in Year End

The financial year-end of the Group and Company was changed from 30 June to 31 December in 2019, to align with the year-end of its ultimate holding company MHMK Group Limited. Accordingly, the prior period financial statements are prepared for 6 months from 1 July 2019 to 31 December 2019 with current period being 1 January 2020 to 31 December 2020. As a result, the comparative figures stated in the income statement, statement of changes in equity, cash flow statement and the related notes are not comparable to current year results.

## Basis of Preparation and Accounting Policies

The Group audited financial statements have been prepared in accordance with the measurement and recognition principles of the Listing Rules in Botswana, Botswana Companies Act (Chapter 42:01) and the International Financial Reporting Standards (“IFRS”). The accounting policies applied during the current year are consistent with those applied in the previous years. The Directors are of the view that the financial statements represent the true and fair view of the company financial performance.

## Financial Highlights

The effects of Covid 19 pandemic remain a challenge in the growth of both the economy and the business. The Group continues to adapt to the changes in the business environment because of Covid-19 to capitalise on new opportunities in the market as well as continuous leverage in technology to optimise business potential.

The Group recorded after tax profit for the year of P53.7M. The increase in profit was largely due to the recovery of an impairment of a related party receivable in 2019 of P67.5M which led to a P63 million after tax loss for the December 2019 period. The Group recovered the impaired related party receivable through the acquisition of controlling interest of 52% in Finclusion Africa Holdings Limited in December 2020. The Group revenue of BWP 92M achieved in December 2020 remained relatively stable compared to 2019 despite reduced demand in loans because of the current economic challenges.

The acquisition of Finclusion Africa Holdings Limited, which was consolidated in the Group ‘s results for the first time on 31 December 2020, increased the Group ‘s asset base from P271M in December 2019 to P 521M in December 2020. The Group ‘s loan book stood at P277M in December 2020 in comparison to P160M achieved in December 2019, the significant growth driven by acquisition of Finclusion. The Group’s impairment to loan book ratio increased to 14% in December 2020 from 11% in December 2019 and the Group has reviewed its loan products with sub-par collection rates of below 98% to manage loan book quality.

The Group’s other financial borrowings stood at P311M; this indicates the Group ‘s ability to continually leverage from debt to fund loanbook growth. The Group will continue to improve the cost and tenure of its borrowings to benefit through renegotiation of its existing borrowings as well as refinancing of high cost of some debt facilities.

## Directorate and Executive

The Board would like to advise of the resignation of Mr. Jeffrey Sibisibi who was also the chairman of the board on 28 February 2020. Furthermore, Mr Dirk Petrus Van Der Merwe and Mr Marshal Chimedza resigned from the Group board on 22 May 2020 and 23 July 2020, respectively. The board would like to take this opportunity to extend gratitude their year of service to the group and wish them well in their future endeavours.

# Commentary

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## Directorate and Executive (Continued)

Mrs. Masego Marobela was duly appointed as the chairman of the constituted board of the Group. The group looks forward to strong leadership underpinned by strong corporate governance from this board. The Group would like to welcome Mr. Paul Ramokgalo as Non-executive Director, Mr. Paul Soko as Finance Director and Mr. Ambrose Batsalelwang to the role of Chief Operating Officer subject to regulatory approval.

## Outlook

The strategic objective of FirstCred is to retain and grow its market share throughout sub-Saharan Africa through a sustainable business model that offers competitive interest rates, an evolving and innovative product suite supported by technology, while managing its cost of funding. FirstCred will continue to utilise technology to support the quality and speed of its service delivery, in addition to expanding on its agent banking platform.

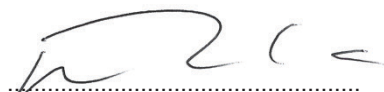
The current economic environment which has been significantly affected by Covid 19 has also presented opportunities in transformation through technology, the group continues to exploit the available resources to deliver a customer centric and quick credit decisions and loan disbursements.

The group in its effort to reposition in its operations after takeover by MHMK Group limited rebranded to FirstCred Limited in 2020 from Getbucks Limited. The Group continues to grow its operational footprint, and it is expected that the portfolio will evolve into deposit taking banking institutions across all operations, alongside the introduction of various innovative online platforms and products, to further increase the group's ability to provide accessible financial services to all.

The Group has applied to the relevant regulatory authorities in countries of operation not yet offering this product, to expand its lending to SMEs which will allow the Company to increase its offering and continue to drive financial inclusion.

The group received an approval of its P1 billion guaranteed medium term note programme from the Botswana Stock Exchange Listings and Trading Executive Committee on 14 May 2021. The proceeds of the note programme will be used for regional expansion, as operating capital for general corporate purposes to aggressively grow the loan book through its lending operations, and lastly, to re-finance and/or retire the existing external debt to allow Group to lower its cost of funding and/or reduce the cost of capital.

## For and on behalf of the Board of Directors



M. Marobela  
Chairman



D.M Garekwé  
Chief Executive Officer

**Group Condensed Audited**  
Statement of Financial Position As At 31<sup>st</sup> December 2020

	<b>Audited</b> <b>31-December-2020</b> <b>BWP</b>	<b>Audited</b> <b>31-December-2019</b> <b>BWP</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	16,649,468	8,793,127
Other intangible assets	5,273,930	-
Goodwill	91,211,496	-
Right of use asset	8,039,952	4,607,535
Investment in associates	1,683,487	-
Loans to related parties	-	48,388,774
Loan book	207,986,551	136,577,101
Deferred tax assets	19,171,581	6,463,942
<b>Total Non-Current Assets</b>	<b>350,016,465</b>	<b>204,830,479</b>
<b>Current Assets</b>		
Loans to related parties	16,013,981	773,009
Other financial assets	5,079,560	-
Investment in Insurance contracts	1,986,310	-
Current tax receivable	2,991,125	1,153,378
Loan book	68,758,827	23,477,695
Other receivables	46,382,962	32,751,016
Cash and cash equivalents	29,966,085	8,495,407
<b>Total Current Assets</b>	<b>171,178,850</b>	<b>66,650,505</b>
<b>Total Assets</b>	<b>521,195,315</b>	<b>271,480,984</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Stated capital	4,041,075	4,041,075
Reserves	29,145,169	29,145,169
Retained income	29,982,423	(23,381,997)
<b>Total Equity Attributable to Owners of the Parent</b>	<b>63,168,667</b>	<b>9,804,247</b>
Non-controlling interest	79,583,319	1,526,978
<b>Total Equity</b>	<b>142,751,986</b>	<b>11,331,225</b>

## Group Condensed Audited

### Statement of Financial Position As At 31<sup>st</sup> December 2020

<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Other financial borrowings	99,849,126	13,519,393
Finance lease liabilities	628,199	50,801
Lease liabilities	5,376,764	2,716,959
<b>Total Non-Current Liabilities</b>	<b>105,854,089</b>	<b>16,287,153</b>
<b>Current Liabilities</b>		
Other financial borrowings	210,864,215	207,797,221
Loans from related parties	7,276,821	-
Liabilities in insurance contract	199,887	-
Current tax payable	5,792,416	-
Finance lease liabilities	290,340	249,508
Lease liabilities	3,598,239	2,077,229
Bank Overdraft	356,048	-
Trade and other payables	44,211,274	33,738,648
<b>Total Current Liabilities</b>	<b>272,589,240</b>	<b>243,862,606</b>
<b>Total Liabilities</b>	<b>378,443,329</b>	<b>260,149,759</b>
<b>Total Equity and Liabilities</b>	<b>521,195,315</b>	<b>271,480,984</b>



## Group Condensed Audited

### Statement Of Profit Or Loss And Other Comprehensive Income For The 12 Months Period Ended 31 December 2020

	Audited For the 12 months period ended 31 December 2020 BWP	Audited For the 6 months period ended 31 December 2019 BWP
Revenue	92,492,202	44,698,739
Loan impairments	(4,203,362)	799,849
Other income	74,060,574	7,039,590
Operating expenses	(97,953,627)	(107,759,786)
<b>Operating profit</b>	<b>64,395,787</b>	<b>(55,221,608)</b>
Investment income	25,251,322	8,890,740
Finance costs	(31,037,118)	(16,787,526)
<b>Profit before taxation</b>	<b>58,609,991</b>	<b>(63,118,394)</b>
Income tax expense	(4,924,078)	(60,337)
<b>Profit for the year</b>	<b>53,685,913</b>	<b>(63,178,731)</b>
<b>Other comprehensive income for the year net of taxation</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>53,685,913</b>	<b>(63,178,731)</b>
<b>Profit attributable to:</b>		
Owners of the parent	53,364,420	(63,045,195)
Non-controlling interest	321,493	(133,536)
	53,685,913	(63,178,731)
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	53,364,420	(63,045,195)
Non-controlling interest	321,493	(133,536)
	53,685,913	(63,178,731)



## Group Condensed Audited

### Statement Of Changes In Equity For The Year Ended 31 December 2020

	Stated capital		Share based payment reserve		Shares to be issued		Retained income		Total attributable to owners of the parent		Non-controlling interest		Total equity	
	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP	BWP
<b>Balance at 1 July 2019</b>	4,041,075	351,178	-	-	-	-	38,014,997	42,407,250	1,660,514	44,067,764				
Loss for the period	-	-	-	-	-	-	(63,045,195)	(63,045,195)	(133,536)	(63,178,731)				
Other comprehensive income	-	-	-	-	-	-	-	-	-	-				
<b>Total comprehensive (loss) / income for the year</b>	-	-	-	-	-	-	(63,045,195)	(63,045,195)	(133,536)	(63,178,731)				
<b>Transactions with owners, recorded directly in equity</b>														
Acquisition of Getsure Legal: Difference arising applying a predecessor approach	-	-	-	-	-	-	1,648,201	1,648,201	-	1,648,201			1,648,201	
Shares to be issued	-	-	-	-	28,793,991	-	-	28,793,991	-	28,793,991			28,793,991	
<b>Balance at 31 December 2019</b>	4,041,075	351,178	28,793,991	(23,381,997)	9,804,247									
<b>Balance at 1 January 2020</b>	4,041,075	351,178	28,793,991	(23,381,997)	9,804,247									
<b>otal comprehensive income for the year</b>														
Profit for the year	-	-	-	53,364,420	53,364,420								53,685,913	
<b>Transactions with owners, recorded directly in equity</b>														
Acquisition of Non-controlling interest-Finclusion Africa Holdings Limited	-	-	-	-	-								77,734,848	
<b>Balance at 31 December 2020</b>	4,041,075	351,178	28,793,991	29,982,423	63,168,667								142,751,986	



## Group Condensed Audited

### Statement of Cash Flows For The Year Ended 31 December 2020

	Audited For the year ended 31 December 2020 BWP	Audited For the 6 months period ended 31 December 2019 BWP
Cash flows (used in) / generated from operating activities		
Cash (used in) / generated from operations	(57,868,317)	(6,531,619)
Interest revenue received	111,378,264	12,263,274
Investment interest received	118,022	76,937
Interest paid	(28,602,422)	(10,735,304)
Tax paid	(788,081)	-
<b>Net cash flows from operating activities</b>	<b>24,237,466</b>	<b>(4,926,712)</b>
<b>Cash flows (used in) / generated from investing activities</b>		
Purchase of property and equipment	(5,863,406)	(854,145)
Proceeds on sale of property and equipment	265,000	-
Purchase or additions right of use asset	-	-
Acquisition of subsidiary net of cash acquired	-	(3,667)
Payments received from related parties	633,770	1,315,911
Advances to related parties	(14,467,132)	(17,965,173)
<b>Net cash flows from investing activities</b>	<b>(19,431,768)</b>	<b>(17,507,074)</b>
<b>Cash flows (used in) / generated from financing activities</b>		
Repayment of other financial borrowings	(115,263,297)	(4,831,450)
Proceeds from other financial borrowings	110,280,237	34,492,483
Payments made on Lease Liabilities	(2,335,571)	(1,317,580)
Finance lease payments	(581,701)	(154,047)
<b>Net cash flows from financing activities</b>	<b>(7,900,332)</b>	<b>28,189,406</b>
<b>Total cash movement for the year</b>	<b>(3,094,634)</b>	<b>5,755,620</b>
Cash and cash equivalents at the beginning of the year	8,495,406	2,739,786
Cash and cash equivalents at the end the year-acquisition of subsidiary	24,209,265	-
<b>Total cash and cash equivalents at the end of the year</b>	<b>29,610,037</b>	<b>8,495,406</b>



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