

# AvaFin Group

## 2023 Consolidated Results

Dear AvaFin Investors and Partners,

It is a great pleasure to report that 2023 was another milestone year for AvaFin Group. Throughout 2023, we experienced significant growth in all our countries, evidenced by a well-balanced distribution of revenues and operating profits. The Group ended the year on a particularly strong note.

Highlights:

- Revenue increased by 41% compared to year 2022 reaching nearly EUR 100m.
- Net Portfolio increased by 48% compared to year 2022 reaching EUR 65.7m.
- Group-wide rebranding effort is progressing successfully and according to the plan.

Furthermore, in March 2024, Capitec Bank, our main shareholder, acquired a controlling interest in AvaFin, pending concentration approval in Poland. The transaction represents a turning point for our Company, as we are becoming a part of one of South Africa's largest and fastest-growing retail banks. With the robust support of Capitec, our Group will be even better positioned to pursue our common long-term vision.

Our team is solid and uniformly strong and has never been more equipped to embrace the innovative projects and growth initiatives that lie ahead. We want to thank all our Investors and Partners for your steadfast support and belief in AvaFin. We look forward to celebrating continued success in the year 2024 and beyond.

Yours,  
Patrick Koeck, CEO

### KEY FINANCIALS

#### PROFIT AND LOSS

	FY 2023	FY 2022	FY 2021
Revenue	97 271 672	68 901 225	45 436 932
Gross profit	40 685 757	29 116 087	19 487 417
Operating profit	9 792 510	10 493 559	4 608 643
Net profit	7 893 992	8 296 358	3 403 510

#### BALANCE SHEET

	FY 2023	FY 2022	FY 2021
Net portfolio	65 714 195	44 476 194	35 011 156
Cash	19 464 779	13 240 612	10 667 191
Total assets	112 827 467	82 292 706	66 248 576
Total equity	32 003 238	22 791 196	14 693 268
Equity / Assets	28%	28%	22%



Tel: +357 25 847 400  
Fax: +357 25 735 455  
www.bdo.com.cy

261, 28th October Street  
(Seafront Road)  
View Point Tower  
Floors 6, 7 and 8  
PO Box 51681  
3507 Limassol  
Cyprus

## Independent Auditor's Report

### To the Members of Avafin Holding Ltd

#### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Avafin Holding Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 47 and comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



## Independent Auditor's Report (continued)

### To the Members of Avafin Holding Ltd

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Independent Auditor's Report (continued)

### To the Members of Avafin Holding Ltd

#### Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

#### Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

**Yiannis Kapetanios**

Certified Public Accountant (CY) and Registered Auditor  
for and on behalf of

**BDO Ltd**

Certified Public Accountants (CY) and Registered Auditors

Limassol, 15 March 2024

**AVAFIN HOLDING LTD****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

Year ended 31 December 2023

	Note	2023 €	2022 €
<b>Revenue</b>	8	<b>97,271,672</b>	68,901,225
Cost of sales	9	<u>(56,585,919)</u>	<u>(39,785,138)</u>
<b>Gross profit</b>		<b>40,685,753</b>	29,116,087
Portfolio sale result		<b>159,309</b>	221,833
Other operating income	10	<b>4,878,570</b>	6,835,342
Selling and distribution expenses	11	<b>(10,961,468)</b>	(8,568,728)
Administration expenses	12	<b>(18,851,708)</b>	(16,403,465)
Other expenses	13	<u><b>(6,117,459)</b></u>	<u>(707,511)</u>
<b>Operating profit</b>		<b>9,792,997</b>	10,493,558
Finance income	14	<b>2,165,669</b>	1,366,080
Finance costs	14	<u><b>(263,398)</b></u>	<u>(239,310)</u>
<b>Profit before tax</b>		<b>11,695,268</b>	11,620,328
Tax	15	<u><b>(3,801,277)</b></u>	<u>(3,323,969)</u>
<b>Net profit for the year</b>		<u><b>7,893,991</b></u>	<u>8,296,359</u>
<b>Other comprehensive income</b>			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u><b>1,317,303</b></u>	<u>(198,983)</u>
<b>Other comprehensive income for the year</b>		<u><b>1,317,303</b></u>	<u>(198,983)</u>
<b>Total comprehensive income for the year</b>		<u><u><b>9,211,294</b></u></u>	<u><u>8,097,376</u></u>

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

# AVAFIN HOLDING LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	206,181	177,720
Intangible assets	17	9,065,124	8,772,795
Investments in subsidiaries	18	47,500	47,500
Right-of-use-assets	22	311,899	412,436
Loans receivable	19	3,436,323	3,410,791
Deferred tax assets	27	6,971,295	4,165,423
		<u>20,038,322</u>	<u>16,986,665</u>
<b>Current assets</b>			
Consumer loans portfolio	20	65,714,195	44,476,194
Trade and other receivables	20	7,366,350	7,545,670
Loans receivable	19	6,352	-
Financial assets at fair value through profit or loss	21	237,468	43,566
Cash and cash equivalents	23	19,464,778	13,240,612
		<u>92,789,143</u>	<u>65,306,042</u>
<b>Total assets</b>		<u>112,827,465</u>	<u>82,292,707</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	139,012	138,267
Share premium		11,157,023	11,157,023
Other reserves		(271,542)	(1,588,845)
Retained earnings		20,978,743	13,084,752
<b>Total equity</b>		<u>32,003,236</u>	<u>22,791,197</u>
<b>Non-current liabilities</b>			
Borrowings	25	15,000,000	10,220,905
Lease liabilities	26	223,100	336,565
Deferred tax liabilities	27	8,930	472,126
		<u>15,232,030</u>	<u>11,029,596</u>
<b>Current liabilities</b>			
Trade and other payables	28	10,936,323	6,576,333
Deferred income	29	735,025	590,874
Borrowings	25	44,286,763	36,308,411
Lease liabilities	26	130,985	121,230
Current tax liabilities	30	9,503,103	4,875,066
		<u>65,592,199</u>	<u>48,471,914</u>
<b>Total liabilities</b>		<u>80,824,229</u>	<u>59,501,510</u>
<b>Total equity and liabilities</b>		<u>112,827,465</u>	<u>82,292,707</u>

The notes on pages 12 to 47 form an integral part of these consolidated financial statements.

## AVAFIN HOLDING LTD

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On 15 March 2024 the Board of Directors of Avafin Holding Ltd authorised these consolidated financial statements for issue.

DocuSigned by:  
*Davis Barons*  
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Davis Barons  
Director

DocuSigned by:  
*Patrick Koeck*  
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Patrick Koeck  
Director

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