



US PLUS LIMITED

*(Incorporated with limited liability in the Republic of South Africa under registration number
2014/048709/06)*

(Formerly Us Plus (Proprietary) Limited)

INFORMATION STATEMENT

in respect of the

Us Plus Limited ZAR1,000,000,000 Domestic Medium Term Note Programme

Us Plus Limited (**UsPlus** or the **Issuer**) intends from time to time to issue notes (the **Notes**) under its ZAR1,000 000 000 Domestic Medium Term Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 6 April 2020, as amended and restated from time to time (the **Programme Memorandum**).

The Notes may be issued on a continuing basis and be placed by one or more of the Dealer(s) specified in the section headed “*Summary of Programme*” under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the Dealer(s), underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement**) and this **Information Statement**.

Availability of Information

This Information Statement and the Programme Memorandum are also available on the Issuer’s website at <https://usplus.world>. This Information Statement is incorporated by reference into the Programme Memorandum.

The only information on the Issuer’s website which is incorporated by reference into the Programme Memorandum are those documents which are specifically so incorporated by reference as set out in the section headed “*Documents Incorporated by Reference*” in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that this Information Statement, containing, *inter alia*, a description of the Issuer, a description of the material risk factors and the sensitivity of the issue of debt securities to such risk factors, details of the Directors and Officers of the Issuer and its Corporate Governance disclosures, will be relevant to the Programme Memorandum and should be read together with the Applicable Pricing Supplement in connection with the issuance of Notes, until a new information statement is issued.

Information Statement dated 14 April 2021 (“**Information Date**”).

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GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement, except as otherwise stated therein.

In addition, the Issuer, having made all reasonable enquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealer(s), the JSE Debt Sponsor or any of their respective Subsidiaries or Holding Companies or a Subsidiary of their Holding Companies (Affiliates), other professional advisors and the JSE have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or other professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates nor other professional advisors accept any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No Person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or other professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or other professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or other professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any Person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates nor other professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered,

in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor, their Affiliates or other professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger and/or the Dealer(s) has/have represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the Securities Act). Notes may not be offered, sold or delivered within the United States or to U.S. Persons except in accordance with Regulation S under the Securities Act. In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Union and the United Kingdom. For a more complete description of certain restriction on the offering, sale and delivery of Notes and distribution of this Programme Memorandum, see the section of the Programme Memorandum headed “*Subscription and Sale*”.

Where information and opinions presented in the Information Statement were obtained or derived from public sources, the Issuer believes that such sources are reliable but makes no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment of the Issuer as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance.

The Arranger or the Dealer(s), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger or the Dealer(s). It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

RISK FACTORS

References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of the Programme Memorandum headed “Terms and Conditions of the Notes”.

Capitalised terms used in this section headed “Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks specific to the Issuer, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Information Date, or which it may not be able to anticipate at the Programme Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.

The list of risks listed below is by no means exhaustive and other risks could be applicable.

KEY RISKS RELATING TO THE ISSUER AND ITS BUSINESS

COVID-19

The full extent to which the recent Covid-19 pandemic impacts the Issuer’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

Even prior to the outbreak of the coronavirus (“Covid-19”) pandemic, South Africa faced an already weakened macroeconomic environment, including those relating to impacts of the global recession, South Africa’s investment downgrades, socio-political instability, electricity disruptions and higher unemployment rates.

The outbreak of the Covid-19 pandemic has adversely impacted the global economy, disrupted global supply chains, created significant volatility and disruption in financial markets, including significant volatility in the ZAR-USD exchange rate which exposed our business to losses as described in the section of this Information Statement headed “**Description of Us Plus Limited**” – **FX Losses and Equity Capital Raise**”. The Covid-19 pandemic has also resulted in the permanent or temporary closure of many businesses, and the institution of physical distancing and country-wide lockdowns have impacted communities and increased unemployment levels in countries across the globe, including in South Africa, where the Issuer generates all of its revenues.

In response to the Covid-19 pandemic, UsPlus implemented specific Covid protocols such as not on-boarding any new clients, stricter controls over purchase orders and reverse factoring financing (see “**Description of Us Plus Limited**” – **Main Products**” for more information on these products) and extended payment terms for some clients and End User Customers who were affected by the lockdown measures. The impact of Covid-19 and these measures resulted in a decrease in turnover for the financial year ended 28 February 2021 to approximately ZAR324 million from approximately ZAR458 million for the 2020 financial year. Subsequent to South Africa being assigned “Alert Level 1” status by the Government (gradually down from the most stringent “Alert Level 5” status), UsPlus’ pre-Covid protocols were applied.

The continuing Covid-19 pandemic could further impact the level of factoring business which UsPlus undertakes and the level of losses experienced by UsPlus related thereto.

Many businesses across the economy, including our business, the businesses of our clients and the End User Customer, remain at risk of staff becoming unavailable due to the implementation of quarantine protocols and ill health. This, in turn, has and is expected further to, lead to a decrease in demand for non-health-related products and services, potentially impacting the ability of UsPlus’ clients and/or End User Debtors to meet their obligations to us, particularly as businesses are closed and as more of the South African work force lose their employment.

Remote working practices could increase exposure to information security risks and lead to data breaches

While the outlook remains largely uncertain, ultimately, the Covid-19 virus's impact on global economic growth will be driven by the speed with which it is contained, the limited further impact of the second and successive waves of the virus and the permanent lifting of national lockdowns. The Issuer expects the global and South African recession to be the worst in recent history. The expected recession combined with a potential weak recovery could have lasting impacts on efforts to sustainably alleviate high levels of unemployment, poverty and inequality.

There remains considerable uncertainty and forecast risk.

In conclusion, the full extent to which the Covid-19 pandemic impacts the Issuer's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the Covid-19 pandemic and the impact of actions taken by regulators, governmental authorities and other third parties in response to the Covid-19 pandemic. A material deterioration in global economic conditions is likely to have a negative impact on macroeconomic conditions in South Africa, which may adversely affect the Issuer's operations and its financial condition.

For information on the management of this risk impacting UsPlus' business, see "*Description of Us Plus Limited*" – "*Risk Management*" – "*Covid 19*".

Our business is subject to default risk and is dependent on our clients and the debtors that they supply, each of whom may face economic uncertainty and changes in the regulatory landscape.

Our business is subject to the risk that a debtor or other counterparty will fail to meet its obligations in accordance with agreed terms. This risk is a fundamental component of our business model which is subject to inherent risks regarding client and counter-party creditworthiness and the recoverability of invoices and amounts due from clients and other counterparties.

Our business primarily involves purchasing invoices of our clients owed by their debtors ("**End User Customer**" or "**End User Debtor**") on a recourse basis. We are exposed to the risk that our clients or the End User Debtors may become subject to bankruptcy or insolvency proceedings or may be in financial distress, and, as a result, may not be able to meet their contractual obligations or enter into new contractual obligations, which may cause the deterioration of our asset quality.

We also run the risk that End User Debtors claim that the product delivered or the service provided was defective and so we cannot rule out that our clients may fail to reimburse us for the invoices that are not certain and due from the End User Debtors.

In particular, in the instance of returning the invoices to our client (being the original seller of the relevant invoice), we may not be able to recover the full amount of the invoices that we purchased from our clients should they be insolvent. This risk is amplified in relation to new or smaller clients.

While UsPlus actively seeks to undertake its business and manage its inherent risks in a profitable and sustainable manner, default risk remains a key risk for UsPlus.

Prior to taking default risk, UsPlus applies its risk policies and proprietary underwriting and scorecard principles, which are formally reviewed every six months, but monitored continuously and adjusted when necessary. Despite these policies, it is possible that these risk policies will not function as intended due to external market factors or human errors.

We determine the price of the invoices based on the financial position of our client, the relevant debtors and the recovery rate and time of recovery. However, we may still be exposed to capital losses and a general deterioration of asset quality as a result of our client or debtors' financial vulnerability, which could have a material adverse effect on our business.

Many factors affect the ability of UsPlus' clients and/or End User Debtors to meet their obligations to us. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, the impact of Covid-19 and increased market volatility, might be difficult to anticipate and are completely outside of UsPlus' control. If macroeconomic conditions in South Africa deteriorate further or if the economic conditions of our clients or their respective debtors deteriorate, or if changes in their regulatory landscape result in negative consequences to our operations, there can be no assurance that the level of our non-performing assets and impairment provisions will not increase. This, in turn, could have an adverse effect on our financial condition or results of operations.

Furthermore, risk mitigation methodologies are fallible by their very nature. Their actual performance depends on clients and their respective debtors behaving as predicted by statistical models and is dependent on various external factors, such as economic conditions, and internal factors, such as collections strategies. If any of these controls fail and debtors or clients fail to repay their obligations as predicted, this could have a material adverse effect on UsPlus' business, financial condition, results of operations and prospects.

For information on the management of this delivery risk impacting UsPlus' business, see "*Description of Us Plus Limited*" – "*Risk Management*".

Our business is subject to operational risks such as contractual disputes between our client and the End User Customer and execution risk in respect of purchase orders.

Over and above default risk, we run the risk that the End User Customer could claim that the product delivered or the service provided was defective, or some other contractual dispute arises between our client and the End User Customer.

The purchase of purchase orders ("POs") inherently attracts a higher risk profile than invoices as they contain an element of execution risk in that our client may fail to deliver the relevant product or service to the End User Customer, thereby failing to meet its obligations under the relevant PO and further failing to convert that PO to an invoice.

Such non-delivery could occur for reasons such as liquidation, insolvency or fraud by clients.

Should such PO acquired by us not be converted to a valid and enforceable invoice, our claim remains entirely against our client, thereby increasing the possibility of the value of the asset purchased by us being reduced or irrecoverable which, in turn, could have an adverse effect on our financial condition or results of operations.

We further run the risk that End User Customers make payment of acquired invoices to our clients or that an End User Customer applies set-offs where it is both a creditor of our client and a debtor under the invoices acquired by us, notwithstanding undertakings to the contrary, thereby increasing the risk of recovery on the asset purchased by us.

We derive a significant portion of our revenue from a limited number of customers.

For the year ended 28 February 2021, the top 20% of our clients represented 80% of the UsPlus business (by value disbursed). The loss of any of our key clients or a significant decrease in the business generated from such client, could have a material adverse effect on our business, results of operations and financial condition.

We have a dependency on critical skills.

The results and the future success of our business depend on our ability to retain and motivate skilled individuals within our management team who have expertise in the business sector in which we operate. As a small team consisting of less than ten individuals, there is naturally a concentration of skills amongst a few key individuals. Any loss of those key skills could have a material adverse effect on our business and risk the attainment by UsPlus of its growth strategy.

Our business is subject to the risk of fraud.

We are at risk of external fraud by our clients in that there could be fake invoicing, misdirected payments, pre-invoicing, not assigned credit notes, or similar misinformation.

While UsPlus actively seeks to minimise the risk of fraud through its extensive client evaluation and by testing information provided with counterparties, there is no guarantee that such evaluations and verifications will be effective in all cases. Fraud will increase the possibility of the non-recoverability of an asset or claim which, in turn, could have an adverse effect on our financial condition or results of operations.

For information on the evaluation and verification steps taken by UsPlus in respect of its clients, see the section of this Information Statement headed "*Description of Us Plus Limited*" – "*Risk Management*" – "*Knowledge of client and its operations*" and "*Nature of Instrument to be acquired and verification*".

Our dependence on our ability to monetise assets in order to maintain certain levels of liquidity and to obtain long-term financing could have a material adverse effect on our business, financial condition, or results of operations.

In order to carry out all our businesses, we rely on stable funding resources. As part of our regular factoring business, we may not receive payments within the estimated time frame. This delay gives rise to the risk that we may not be able to rely on the liquidity we need to run our business, including the ongoing acquisition of invoices.

Therefore, we may need to access long-term financing, including through the capital markets, in order to support our capital resources. Our ability to access funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors which are outside of our control, such as liquidity constraints, general market conditions and confidence in the South African economy.

There is no assurance that in the future we will be able to maintain the same conditions which permit us to access existing financing sources at comparable terms of cost and availability, or that we will be able to renew our existing financing on equal terms and conditions.

Any of these circumstances could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to meet the objectives of our growth strategy.

We pursue a growth strategy designed to expand our business. The single biggest limitation to our growth is access to sufficient debt funding.

The registration of the Programme is part of our process to diversify our funding resources and we are seeking to raise long-term debt finance in the South African debt capital markets.

We could fail to maintain or expand our funding. This could have a material adverse effect on our business, results of operations and financial condition.

We are also exposed to the risk that we may be unable to implement part or all of our growth strategy or within the timeframe we expected, that the assumptions on which we based our growth strategy may be incorrect or that our growth strategy may not achieve the results we expected. Any such failure to develop, revise or implement our growth strategy in a timely and effective manner could have a material adverse effect on our business, results of operations and financial condition.

As at the Information Date, a majority of our assets have been ceded as security for the funds made available to UsPlus in terms of the Dollar Facility and the Rand Facility.

As described in the section of this Information Statement headed “*Description of Us Plus Limited*” – “*Funding and Security Provided*”, each of the Dollar Facility and the Rand Security is secured by a cession in security over invoices in our invoice portfolio which together constitute the majority of our invoice portfolio.

That portion of our invoice portfolio which is ceded as security in respect of the Dollar Facility or the Rand Facility (as the case may be) from time to time would not be available, in the event of default by UsPlus, to be attached and executed against in order to discharge the obligations of UsPlus to its other creditors, including its Noteholders.

As Notes are issued and unsecured ZAR-denominated funding is raised, the proportion of our encumbered invoice portfolio to our unencumbered invoice portfolio will decrease.

Any malfunction or defect in our information and technology (“IT”) systems could materially impact our ability to operate our business.

Our business relies on the proper and uninterrupted functioning of our IT and data processing systems, and in particular our operating system and platform for the collection of invoices acquired or other debts. Any serious failure of the operating system or of the platform for the collection of invoices acquired or other debts, or any external IT attacks could interrupt our business or materially affect our activities.

Risks related to technology and cyber-security change rapidly and require continuous innovation and investment. Given the rapidly increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches in our security. Any of these disruptions, the inability to adequately manage cyber-security risk, or the loss of confidential or proprietary information could give rise to losses in service to our customers and to loss or liability to UsPlus.

If the design of our controls and procedures prove to be inadequate, or are circumvented, delays in detection of errors in information may result. Consequently, our reputation could be damaged. We may also be subject to disruptions or breaches of our operating systems, or of the infrastructure that supports it, arising from events that are wholly or partially beyond our control. This includes, but is not limited to, disruptions or breaches caused by computer viruses, electrical or telecommunication outages, or other services used by us or third parties with whom we conduct business. Any serious or repeated system failure that results in the loss of information on payment patterns and timing contained in our database or in such information becoming inaccurate or unreliable could compromise our ability to competitively purchase or manage invoices, and may require material investments to address the system failure, which could have a material adverse effect on our business, results of operations and financial condition.

Our risk management policies, procedures and methods may leave us exposed to unidentified or unanticipated risks.

Our risk management system and internal controls may not be sufficient in order to properly identify, monitor and manage the potential risks that we are exposed to in the course of our business, including default, counterparty, liquidity, funding, market, operational and IT risks.

If the policies and procedures which we use to identify, monitor and manage risk turn out to be inadequate or not properly implemented, or our assessments and assumptions turn out to be inaccurate, thus exposing us to unforeseen and unquantified risks, we may incur significant losses, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, even if our internal procedures for the identification and management of risk are adequate, the occurrence of certain events that cannot be predicted or quantified (in light of the uncertainty that currently characterises the South African economy) may increase such risks, which could have a material adverse effect on our business, results of operations and financial condition.

Our business is subject to significant competition.

Major banks and non-banks operate in the same markets as our business and compete for customers. We also face competition from other non-bank entities that increasingly provide similar services, including through emerging fintech companies.

Increased competition from these non-bank entities in the money markets and capital markets could impact our ability to attract customers or attract other sources of funding. Competition may increase in some or all of UsPlus' principal markets and may have an adverse effect on our business, results of operations and financial condition.

Our business may be affected by economic conditions and political instability in the countries in which we operate.

We generate all of our revenue in South Africa and, therefore, our results depend in particular on South Africa which, in turn, is affected by global economic trends. Economic performance in South Africa has been characterised by economic stagnation.

The conclusion of the 2019 General Elections provided some clarity to the political outlook in South Africa. In the elections, the African National Congress ("ANC") retained the national majority with 57.5% of all valid votes cast. This outcome delivers some stability to the political environment and allows President Ramaphosa to begin to implement the structural reform programmes necessary to revive the country's economy, and stabilise key state institutions harmed by executive mismanagement and malgovernance during the previous administration.

South Africa continues to face a number of challenges including:

- The impact of the Covid-19 pandemic on the global and South African economy, which impact is expected to cause the closure of many businesses and is likely to result in a global recession and the further financial impact on the already financially-distressed South African economy of containing and responding to the Covid-19 virus nationally;
- The scale of the financial and operational challenges faced by Eskom, including aging infrastructure, decreased spending on maintenance and high debt levels is such that it could materially impact the economic recovery plan. Eskom, a state-owned company, generates, transmits and distributes electricity and is responsible for generating most of the electricity in South Africa.
- There remain substantial divisions within the ANC which threaten to compromise President Ramaphosa's economic and structural reform plans.
- While the frequency, intensity and economic impact of industrial action has been relatively limited over the past three years, there are signals that industrial unrest may commence again. Further, many of the structural reforms that are required to produce a more supportive growth environment (such as the reform of Eskom, and the rationalisation of state-owned enterprises more generally) will face fierce opposition from organised labour, which may then trigger strike activity.
- Global politics remains unpredictable and has the potential to materially affect South African political and economic developments.

Our business and prospects will continue to be materially affected by economic and political conditions in South Africa.

Legal and regulatory risks.

We operate within the legislative and regulatory framework applicable to our business. The introduction of regulations in the future or any changes to the legislation currently in force in South Africa may require us to comply with new standards in ways that we cannot currently predict or restrict our ability to do business. As a result, we could incur additional costs for having to adapt the features of our products and services or distribution and control structures to comply with such new regulations. As a result, we may also have to limit our business operations. This could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE NOTES***The Notes may not be a suitable investment for all investors.***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Notes.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Recourse to the JSE Debt Guarantee Fund Trust.

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Credit Rating.

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, after the Information Date, will be announced on SENS. As at the Information Date, neither the Issuer nor the Programme is rated.

Risks related to the structure of the particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Modification and waivers and substitution.

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law.

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Information Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Information Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DESCRIPTION OF US PLUS LIMITED

Capitalised terms used in this section headed "Description of Us Plus Limited" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. DESCRIPTION OF THE BUSINESS

1.1. Overview

UsPlus has been operating since 2015 as a fintech business, providing flexible working capital solutions to the small and medium enterprises ("SMEs") sector in South Africa, while being guided in this regard by a developmental agenda and enabled by cloud-based technology.

Since its establishment, UsPlus has provided over ZAR2,1 billion in working capital to SMEs.

UsPlus provides working capital to business, focussing specifically on SMEs, which it does predominately through the purchasing of transferable instruments (such as invoices, purchase orders and contracts) issued by or to its clients as well as providing additional strategic support to SMEs at no additional cost, as described in more detail below.

Transactional values range from ZAR10,000 to over ZAR10,000,000, with transaction cycles ranging typically from one to 90-Day periods (but which could increase to a maximum of 180 Days).

As at 28 February 2021, UsPlus had:

- clients actively engaged in over 20 industries ranging from primary agriculture to automotive manufacturing;
- gross assets of approximately ZAR138,100,000 compared to gross assets of approximately ZAR133,200,000 as at 29 February 2020; and
- a net asset value of approximately ZAR44,700,000 compared to a net asset value of approximately ZAR34,900,000 as at 29 February 2020.

1.2. Target Clients

According to research published in January 2016 by the Bureau for Economic Research (a division of the University of Stellenbosch) commissioned by the Small Enterprise Development Agency, utilising data from the second calendar quarter of 2015, there were over 2.2-million Small, Medium and Micro Enterprises ("SMMEs") in South Africa at such time, of which, 29% were in the formal sector and 71% were in the informal sector. It was estimated that the value of goods and services produced by SMMEs (i.e. Gross Value Added or GVA) to the South African economy exceeded 21% at that time.

While UsPlus' target market is SMEs based in South Africa, UsPlus is especially focused on supporting local manufacturers (including space technology companies), logistics providers, local farmers, renewable energy, aqua-culture, exporters and producers that innovate, creating products and services that are delivered into domestic and global markets.

Each UsPlus client is required to be a legally-compliant juristic entity (such as a limited liability company, or Close Corporation), (with the exception of accredited professionals whose rules of practice dictate that they must operate in their personal name) with an annualised turn-over exceeding ZAR1,000,000.

For the year ended 28 February 2021, the top 20% of our clients represented 80% of the UsPlus business (by value disbursed). End User Debtors (being the customers of UsPlus' clients who are the debtors under such clients' invoices acquired) consist of a number of major listed retailers, large multinational corporations, selected National Government Departments and blue chip listed industrial groups, with no counterparty representing more than 15% of outstanding instruments held by UsPlus.

UsPlus is guided by the International Finance Corporation's Exclusion List ("**IFC Exclusion List**") and hence does not support businesses engaged in:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions.

- Production or trade in alcoholic beverages.
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES.
- Production or trade in radioactive materials.
- Production or trade in or use of un-bonded asbestos fibres.
- Purchase of logging equipment for use in primary tropical moist forest.
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.

Over and above the IFC Exclusion List, UsPlus does not support transactions which have no clear business benefit to the client and seeks to identify clients that add value to the economy through the creation of employment, innovation or similar benefits. UsPlus also does not support once-off transactions and applies a “substance over form” approach to all corporate structuring by clients, with particular, but not exclusive emphasis, on “Black ownership”.

1.3. Main Products

UsPlus’ business is predominately one of recourse factoring. For the year ended 28 February 2021:

- approximately 86% of UsPlus’ business (by value disbursed) was generated from the purchasing (factoring) of invoices issued by UsPlus clients to such clients’ customers (the “**End User Customers**”);
- approximately 11% of UsPlus’ business (by value disbursed) was generated from the purchasing of purchase orders issued by End User Customers to UsPlus clients (or contracts in relation thereto); and
- approximately 3% of UsPlus’ business (by value disbursed) was generated from reverse factoring as described further below.

UsPlus has developed a proprietary risk scorecard which dictates the pricing of transactions which meet other transaction criteria applied by UsPlus (more information relating to which is set out in the “**Risk Management**” section below).

Transactional cycles typically range from one to 90-Day periods (but which could increase to a maximum of 180 Days). As at the Information Date, the preferred term of a transaction is 90 Days.

Factoring

UsPlus undertakes factoring on a recourse basis, in that the UsPlus client ultimately takes the responsibility for the payment of the invoice. If the End User Customer does not pay the debt reflected in the acquired invoice, then the UsPlus client (being the seller of the invoice) is liable to UsPlus. UsPlus’ agreement with its clients entitles it to sell (put) non-performing invoices back to the relevant UsPlus client in exchange for another valid invoice(s) or a cash payment.

Invoices are issued by UsPlus clients to their End User Customers on delivery of the relevant product or provision of the relevant service to such customers.

Invoices are purchased by UsPlus at a discount to such invoices’ face value, within the purchase facility limits set by UsPlus for the relevant UsPlus client, and are subject to proof of delivery of the product supplied to, or acknowledgement of service by, the relevant End User Customer, as the case may be.

Purchase Orders (POs)

UsPlus clients may require access to working capital in order to fund the manufacturing process, (including to pay salaries in the ordinary course), but are only able to issue the relevant invoice to the relevant End User Customer once delivery of the relevant product has taken place.

Prior to commencing the manufacturing process, the relevant End User Customer issues a PO to, or enters into a contract to a similar effect with, the UsPlus client. The UsPlus client offers the PO to UsPlus, which then verifies the PO with the relevant End User Customer and, if satisfied that the relevant purchase criteria are met, purchases the PO (at a discount) and pays the UsPlus client for this PO. This provides the UsPlus

client with working capital to enable it to commence (or continue) production. Once the UsPlus client fulfils the relevant delivery requirements, it issues an invoice to the End User Customer, the rights under which are then transferred to UsPlus and which replaces UsPlus' rights under the associated PO.

Reverse Factoring

In reverse factoring, the UsPlus client contracts with a supplier (“**Client Supplier**”) to purchase raw materials required to manufacture such client's products. The Client Supplier issues an invoice to the UsPlus client, who then sells that invoice to UsPlus, which pays the Client Supplier for that invoice (which invoice amount may be at preferential rates due to the early settlement). The Client Supplier supplies the raw materials to the UsPlus client thereby enabling the UsPlus client to commence or continue with its manufacturing process.

UsPlus has exposure and accordingly, bears risk directly in respect of the UsPlus client as the UsPlus client is indebted to UsPlus under the invoice acquired by UsPlus from the Client Supplier.

The UsPlus client continues to manufacture and supply its products to its End User Customers and issue invoices in respect thereof. These new invoices, issued by the UsPlus client to its End User Customers, are transferred to UsPlus in settlement of the invoice UsPlus acquired from the Client Supplier, thereby replacing UsPlus direct exposure to the UsPlus Client with exposure to the relevant End User Customers. Since 1 March 2021, UsPlus has discontinued funding its clients through reverse factoring.

1.4. Additional Products and Support

UsPlus has from time to time also purchased raw materials, which its client has used in its production process, with UsPlus owning the product from raw material to finished-product state. Once that product is sold, UsPlus replaces its rights to the product, with ownership of the relevant invoice.

UsPlus typically also provides additional strategic support to SMEs often at no additional cost, not necessarily directly related to providing access to working capital. Such support may include:

- financial modelling;
- pricing strategies;
- cross referrals between UsPlus clients to facilitate mutual growth;
- procurement of specialised finance, administrative, accounting or consultancy skills; and
- introducing potential equity or long term investors to the clients.

1.5. Referrals Policy Framework

From time to time UsPlus enters into relationships with third parties that share UsPlus' interests in supporting the SME sector, growing the South African economy and expanding opportunities for entrepreneurs. Such third parties may introduce transaction opportunities to UsPlus and may become entitled to a commission on any economic profit earned (by UsPlus) arising from that transaction should the relevant transaction be fully completed and UsPlus receives a full recovery of the amount due on the invoice purchased.

1.6. Main sources of income

UsPlus derives the majority of its income from purchasing transferrable instruments from its clients at a discount to the face value of such instrument.

1.7. Technological Innovation

UsPlus uses technology to drive down the cost of the finance and provide customer service and operates in a paperless environment, communicating with clients on a real-time basis via the UsPlus online portal. Through this online system, UsPlus clients are able to load their invoices onto the UsPlus system together with all the relevant documentation necessary for the UsPlus team to perform the required validation checks.

An automatic alert informs the UsPlus team that there are pending invoices offered for purchase. Once all the information is verified, the invoices are purchased on a “drag and drop” basis.

UsPlus clients also have full documentation storage and management functionality and are able to access statements through that system.

The technological philosophy of UsPlus is to use available off-the shelf solutions that are extremely powerful but cost effective and integrate them in a manner which best serves the UsPlus business and objectives.

As its main operating system, UsPlus utilises a cloud-based invoice factoring software system. UsPlus also utilises a cloud-based system as its accounting back-bone. Through the use of customised rules designed by UsPlus for the accounting system, transactions are allocated from the relevant bank accounts to the general ledger. UsPlus also commissioned the development of middleware that transfers transaction information from the UsPlus operating system to its accounting system on a daily basis, with the result that the accounting records of UsPlus are up to date and reconciled on a T-minus-1-Day basis.

UsPlus encourages its clients to utilise the same accounting package as their own accounting software solution, and where they do, UsPlus has real-time access into the management accounts of those clients and hence their performance, thereby enhancing UsPlus risk management capabilities.

In addition to the systems referred to above, UsPlus utilises Microsoft Office 365, Dropbox and other cloud-based technologies. This has the effect of dramatically reducing IT costs and ensuring that this benefit is passed on to clients. At the same time, it provides clients with exposure to technologies that help drive their own efficiencies.

2. ASSETS

As at 28 February 2021, UsPlus' primary assets consisted of:

- invoices and other transferable instruments purchased from clients and awaiting payment from End User Debtors representing 54,87% of total assets;
- cash balances representing 23,11% of total assets;
- convertible redeemable debentures that afford UsPlus the option to convert into equity in certain clients under specified circumstances, representing 16,93% of total assets, at a carry value (inclusive of accrued interest) as at 28 February 2021 of approximately ZAR23 million. The majority of these convertible debentures arose as a solution to contested or defaulted invoices put back to clients in circumstances which UsPlus assessed to be short-term operational challenges faced by the clients; and
- loans to management arising from UsPlus' remuneration policy, representing 5% of total assets. In terms of this policy, UsPlus management do not earn salaries but participate in an Economic Value Added profit participation scheme calculated at the end of each financial year (the "EVA Pool"). In the interim, management draws loans from UsPlus on which interest is charged. The EVA Pool is calculated and the profit share allocations are credited to these loan accounts. Any surplus is paid out in cash. In March 2021 an interim *ad hoc* profit allocation of ZAR2 million was made in respect of the financial year ending 28 February 2022, which has reduced the balance of the loans to management, which after such allocation equalled 3,6% of total assets.

3. FUNDING AND SECURITY PROVIDED

As at 28 February 2021, UsPlus had total gross assets of approximately ZAR138,100,000, funded by its own equity base in excess of ZAR44,700,000, and debt of approximately ZAR93,400,000. Of the total liabilities of UsPlus as at 28 February 2021:

- the Dollar Facility, which is denominated in and repayable in USD, represented approximately 62% thereof, down from 75% as at 29 February 2020;
- a ZAR-based term loan provided by a local development finance institution represented approximately 16% thereof; and
- interest-bearing loans from shareholders and related parties, redeemable and or renewable after a period of between of 90 Days and 180 days, represented approximately 19,4% thereof, down from 22% as at 29 February 2020.

Between 28 February 2021 and the Information Date, there has been a material change in this liability profile. For the reasons behind this and for more information about this, see the sections below headed "**Dollar Facility, Rand Facility and secured assets**", "**FX Losses**" and "**Equity Capital Raise**".

Dollar Facility, Rand Facility and secured assets

The Dollar Facility is a USD5,000,000 revolving credit facility provided by an international impact debt fund, specifically focused on SME Fintech organisations across the world. The amount outstanding under this facility, as at 29 February 2020, was USD4,543,953.74. On 24 June 2020, USD750,000 of the Dollar Facility

was repaid (at a Rand amount of ZAR12,975,000), and hence the Dollar Facility has reduced to USD3,793,953.74 as at the Information Date.

As security for the amounts outstanding under the Dollar Facility, UsPlus has ceded (in the form of a security cession) its rights to the invoices acquired by UsPlus to the extent that such invoices were funded using the Dollar Facility. A detailed monthly register of the invoices or contracts ceded as security for the Dollar Facility is extracted directly from UsPlus transaction data. UsPlus is also obliged to procure that all payments received in respect of those invoices are paid into defined collection accounts of UsPlus (currently held with Investec Bank Limited and First National Bank, a division of FirstRand Bank Limited), the rights to which collections accounts are also ceded in security under the terms and conditions of the Dollar Facility. As at 28 February 2021, the gross invoices which were subject to this security cession were ZAR68,318,790.77 down from ZAR82,457,000 as at 29 February 2020.

The Dollar Facility is reviewed by the funder every six months and may be terminated by either UsPlus or the funder on six-months written notice to the other. No term or condition of the Dollar Facility prohibits UsPlus from paying down the funds utilised.

During the 2020 financial year, UsPlus concluded a ZAR denominated term facility of ZAR30 000 000 with a local development finance institution (“**Rand Facility**”). UsPlus has drawn down ZAR15 000 000 under this facility as at 28 February 2021. As security for the amounts outstanding under this Rand Facility, UsPlus has ceded (in the form of a security cession) its rights to the invoices acquired by UsPlus to the extent that such invoices were funded using this Rand Facility.

No other security has been provided in respect of the assets of UsPlus.

4. **FX LOSSES AND EQUITY CAPITAL RAISE**

FX Loss

The unprecedented occurrence of the Covid-19 virus pandemic created unpredictable Rand-Dollar volatility. Between 21 February 2020 and 20 March 2020, the Rand-Dollar exchange rate declined from approximately ZAR15 : 1 to above ZAR17.5 : 1.

On 20 March 2020, and in order to remove further volatility and foreign exchange risk, UsPlus entered into a forward foreign exchange contract (with a performance date in the second half of April 2020) to purchase all of the USD4,543,953 it required to settle the Dollar Facility (referred to in the section above headed “**Funding and Security Provided**”) at a rate of ZAR17.585. This forward foreign exchange contract was extended in April 2020 to July 2020. On 24 June 2020, UsPlus repaid USD750,000 of the Dollar Facility and on 2 July 2020, the forward foreign exchange contract was extended to 20 November 2020, but in respect of the reduced balance of the Dollar Facility of USD3 793 953, at a rate of ZAR17.195, resulting in a liability of ZAR65 246 519.44. This forward foreign exchange contract was extended in November 2020 to 12 May 2021 at a rate of ZAR15.58.

As a result of the decline of the value of the Rand as measured against the Dollar and the costs of the forward foreign exchange contracts, UsPlus incurred a foreign exchange loss in the financial year ending 28 February 2021 of approximately ZAR6,785,159.65 (or ZAR4,885,314 on an after tax basis).

Equity Capital Raise

In order to minimise any material reduction in the net asset value of UsPlus caused by the FX loss described above, existing shareholders of UsPlus subscribed for further ordinary shares in UsPlus on 23 March 2020 at an aggregate subscription price of ZAR7,589,104.95, mainly through the conversion of existing shareholders’ loans to UsPlus (referred to in the section above headed “**Funding and Security Provided**”).

UsPlus raised approximately ZAR874,000 of stated capital through the issue of new shares on 28 February 2021, with 4 ordinary shares being issued to Girder Consulting (Pty) Ltd (a company beneficially owned by Gary Sayers) and 17 ordinary shares being issued to Helios (Pty) Ltd (a company where the majority of the shares are beneficially owned by Leon Kirkinis).

5. **RISK MANAGEMENT**

The overall responsibility of the risk management policy of UsPlus is vested in the executive risk committee (“**Risk Committee**”) comprising four members of the management team of UsPlus.

UsPlus has documented its credit, collections and risk underwriting policies, which policy document is reviewed and updated, where necessary, every six-months. The Risk Committee reviews all exceptions (which must be motivated in writing to the Risk Committee) and policy decisions.

A quorum of at least two members of the Risk Committee is required to execute policy and exception decisions.

A key feature of UsPlus' risk management philosophy is to obtain thorough knowledge about clients and their business operations, which process commences at the application stage of the engagement with potential customers and continues to be refined and developed throughout the course of UsPlus' engagements with its clients.

Knowledge of client and its operations

UsPlus' clients must meet the following business requirements:

- Over and above the IFC Exclusion List, UsPlus does not support transactions which have no clear business benefit to the client and seeks to identify clients that add value to the economy through the creation of employment, innovation or similar benefits.
- Each UsPlus client is required to be a legally compliant juristic entity (such as a limited liability company, or Close Corporation) (with the exception of accredited professionals whose rules of practice dictate that they must operate in their personal name) with an annualised turn-over (run-rate) exceeding ZAR1,000,000.
- Client businesses must have been in operation for at least three financial years, unless the owner(s) of that business exhibit appropriate prior experience for the minimum period provided that, on a selected and limited basis (no more than 5%, by number, of UsPlus' total client portfolio), UsPlus does provide working capital to start-up businesses, with initial support being limited to ZAR50,000.

UsPlus obtains full "know your client" information regarding each client as required in terms of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (as amended) ("FICA") and in addition, obtains the following documentation as part of the application process:

- SARS Tax Clearance Certificate;
- audited financial statements not older than a year;
- current management accounts not older than three months old;
- forecasted cash flow projections for the next three to twelve months;
- supplier and debtors age analysis; and
- bank statements for a period of three months on all active business accounts including credit card facilities, and loan agreements.

In addition, as a prerequisite to transacting with a potential client, UsPlus personnel visit the premises, review the business, and interview the owner(s) of each potential client. Personal characteristics, attributes and the experience of the owners are analysed and included in the review.

In circumstances where invoices offered to UsPlus for factoring are above ZAR100,000, UsPlus meets with the End User Customer, being the debtor of the invoice (or such debtor's group), before any initial transaction is concluded, unless UsPlus already has knowledge of the vendor system and this can be verified and validated or a recognised suitably-qualified and accredited person, acting as the agent of UsPlus, has done so.

For all transactions greater than ZAR50,000:

- a full credit bureau report is obtained and analysed together with UsPlus' proprietary scorecard;
- facilities are scorecard driven and reviewed every three months according to repayment behaviour;
- in the case of invoice factoring, only invoices with proof of delivery will be considered;
- current business references on the prospective client must be obtained, of which one should be independently obtained;
- background research, news or complaints relating to potential clients are considered to identify any ethical or reputational issues that may arise; and
- the owner(s) of the business, or the business (if there are multiple owners), need to have a successful track record that spans at least three years.

Nature of Instrument to be acquired and verification

The form of the transaction must be an invoice with proof of delivery or other instruments capable of being bought and ceded. If there is any doubt a legal opinion is sought. All contractual documentation is required to be completed and received before the first invoice is discounted or exposure is incurred. All documentation regarding instruments bought or ceded is uploaded onto the operating system against the relevant transaction, for verification, confirmation and audit purposes. No payment by UsPlus for a transaction may take place prior to the transaction being verified through the operating system.

In addition, the following verifications are undertaken:

- Independent confirmation and verification of all contact numbers, email addresses/information and invoices must be completed.
- Cessions of the invoice must be confirmed/verified with the counterparty, being the debtor or debtor group.
- Original validated invoices and proof of delivery/goods received vouchers (“**POD**”), where applicable, are requested and verified. The invoices with PODs that meet the UsPlus criteria are uploaded into the operating system against the relevant purchase transaction.
- In circumstances where UsPlus does not settle a client directly but there is an explicit agreement with the client that working capital from UsPlus is required in order to settle a debt or obligation of that client, an agreement or instructions in writing is obtained from such client, before UsPlus disburses payment.

Repeat Clients

The accounts of clients to which UsPlus has an exposure of greater than or equal to ZAR2,500,000 are reviewed every six months, the review requirements include:

- the latest audited financials if available and management accounts;
- re-confirmation of contractual arrangements with key counterparties;
- re-run of new exposures, risks through UsPlus’ proprietary scorecard;
- review of contractual agreements with UsPlus;
- review of payment/non-payment behaviour and delinquency cycles; and
- review of industry/sector risks within the market environment.

Bank Account Requirements

- The End User Customers (the client’s debtor) are required to make payment in respect of acquired invoices directly into our bank account. Confirmation by End User Customers of the change of bank account must be submitted to UsPlus; or
- An escrow bank account over which UsPlus has transacting rights must be opened; or
- A different arrangement that is in place for an existing client is permissible, provided we have ‘transactor’ access to the banking facilities of the client and there have been no defaults with this client in the last two years.

Purchase Orders (“POs”)

The purchase by UsPlus of POs inherently attracts a higher risk profile than invoices because POs contain an element of execution risk.

At the same time, UsPlus understands the need for PO finance in certain circumstances. In light of this heightened risk inherent in PO finance, additional risk policy guidelines are applied in respect of the purchase of **POs**:

- No POs are purchased from a new client unless the minimum risk score, set by UsPlus and determined utilising the UsPlus proprietary scorecard, is achieved and unless specifically approved by the Risk Committee.
- The purchase of POs is considered on a case-by-case basis and only approved where working capital funding at this stage of the business cycle is absolutely essential to the overall business process.
- UsPlus has also set a minimum risk score, determined utilising the UsPlus proprietary scorecard, which must be achieved before PO finance is considered.
- A formal recording of the execution risk inherent in any proposed transaction is established, together with an anticipated process and time period in respect of the issuing of the invoice in respect of the associated PO. Once the UsPlus client fulfils the relevant delivery requirements, it issues an invoice to the End User Customer, the rights under which are then transferred to UsPlus and which replaces

UsPlus' rights under the associated PO. This results in UsPlus graduating from having recourse against the UsPlus client to recourse against the End User Customer.

- Additional risk mitigation measures are considered, and may be implemented, taking into account the specific circumstances surrounding any proposed PO finance transaction, such as additional counterparty confirmations, personal suretyships, extra collateral and maximum term limits.

Reverse Factoring

With effect on 1 March 2021, UsPlus has ceased providing this form of finance. With regard to Reverse factoring arrangements concluded historically, these were regarded as higher risk, and UsPlus only entered into a reverse factoring transaction if the minimum risk score, set by UsPlus and determined utilising the UsPlus proprietary scorecard, was achieved.

Where the required scorecard level was achieved, UsPlus also required suretyship(s) from the owner(s) of the UsPlus client, the strength of which is evaluated with reference to the personal balance sheet of such surety.

Exposure Limits

- The maximum initial transaction facility size is determined utilising UsPlus' proprietary scorecard, and reviewed every six months, according to repayment and risk behaviour.
- For the purposes of the funds utilised in terms of the Dollar Facility, the funder has set underwriting criteria in respect of any invoices which are eligible for such funding, and which criteria is also applied in respect of the relevant invoices.
- As at the Information Date, the maximum forecasted term of a transaction is 180 Days.
- The total exposure to a new client is limited to 20% of UsPlus' total exposure to clients.
- No increases to a facility amount are permitted within a period of three months from the date such facility was granted or last adjusted and at least three successful business transactions must have been completed.
- The ageing cycle (as described in the paragraph below) in respect of a client must be current for the Risk Committee to consider any exception to the credit, collections and risk underwriting policies described in this section headed "**Risk Management**".

COVID-19

As a result of the announcement by President Ramaphosa of a national shutdown from midnight on 26 March 2020 to combat the spread of Covid-19, UsPlus documented and implemented specific COVID-19 risk protocols on 26 March 2020, providing guidelines and additional risk mitigation considerations to be applied during the shutdown period in respect of UsPlus clients falling within each of the following categories:

- UsPlus clients providing essential services which would continue operations during the shutdown;
- UsPlus clients providing non-essential services differentiating between:
 - clients which would continue to partially operate from home offices during the shutdown, and
 - clients which would close during the shutdown
- new client acquisition.

During the period in which South Africa is assigned "Alert Level 1" status by the Government (gradually down from the most stringent "Alert Level 5" status), UsPlus' Covid protocols are still being applied, however the distinction between the status of clients regarding essential services, and non-essential services has fallen away.

Repeat Transactions with Cycle Delinquency

The following rules are applied in circumstances where validated invoices are uploaded for purchase and the outstanding payment cycle delinquency in respect of the relevant client is greater than or equal to (" \geq ") 90 Days:

- no transactions will be concluded where the level of exposure in respect of amounts which are in arrears \geq 90 Days' exceeds defined parameters, set by the Risk Committee, of the total exposure in respect of the relevant client;
- reasons for the age of these transactions is obtained, verified and deliberated upon by the Risk Committee;
- remedial or recovery action discussions are initiated with the client with the objective of preventing a progressive rolling effect of the \geq 60 Days' cycle, and exceptions are tabled with the Risk Committee in order to understand the reasons for non-payment;

- replacement valid invoices supported by PODs, where applicable, will be accepted for swapping unpaid invoices, if they are used to rehabilitate and cure the ≥ 90 -Day exposure.

In respect of PO finance, where there are delays in the conversion of POs to invoices the following rules apply:

- A detailed analysis of the value at risk and the reasons impacting on the rate of conversion are required to be tabled with the Risk Committee within 30 Days of the exceeded term.
- Remedial and recovery strategies are required to be implemented within a reasonable recovery period.
- The Risk Committee undertakes a review of the transactions/facility and a facility level for the purchase of new invoices is set during the remedial stage.

Write-off Policy

All invoices that are aged 180 Days or more from their assumed due date, being 45 Days from their purchase date, as at the end of each financial year, are written off although in respect of clients operating in industries, such as the motor industry, where the conversion rate from purchase order to the delivery of the relevant product and invoicing is longer, this period may be extended to 210 Days.

UsPlus may accelerate the write-off of an invoice if, on a qualitative basis, UsPlus believes that recovery under the relevant invoices and other rights of UsPlus are significantly compromised. This may occur, for example, if there is a terminal dispute on the invoice, or the UsPlus client has stopped production and UsPlus has acquired a PO issued by that client, or the debtor has suffered a liquidity or other similar event.

Collections:

Once the term of the transaction exceeds the due date, and prior late payment arrangements are in place, the following steps are applied;

- Up to 30 Days past due date, contact must be made with the debtor or the client to understand reasons for non-payment and to make an agreed repayment plan;
- These transactions must be tabled at the next internal client portfolio meeting for determining the nature and effectiveness of the recovery or remedial strategies within a reasonable period (over the next twelve months).
- Once remedial actions have been implemented, the remedial period and actions as agreed must be monitored and progress reported at the client portfolio meetings every month.
- No new transactions will be entered into with the client, other than on a “cash in cash out” basis.
- If non-repayment is continuous – legal proceedings are implemented.
 - an acknowledgment of debt and/or letters of demand need to be issued;
 - credit bureau listing is completed before handover;
 - the matter is handed over to our Attorney legal-collections panel.

FX Hedging Policy

At the Information Date, the primary source of funding for UsPlus is the Dollar Facility which is denominated in and repayable in U.S. dollars (“USD”).

Until 20 March 2020, UsPlus had not entered into a formal hedge in respect of its Rand-Dollar exposure under the Dollar Facility, having historically instituted a dynamic monitoring policy assessing the effect that volatility in the ZAR-USD exchange rate may have on the UsPlus income statement (based on then-current Rand-Dollar volatility assessments) and measuring this against quoted costs of hedging against such risk.

The unprecedented impact of the COVID-19 pandemic on the global economy and ZAR-USD exchange rate volatility resulted in UsPlus concluding a forward foreign exchange contract on 20 March 2020 to purchase all of the USD4,543,953 it required to settle the Dollar Facility during the second half of April 2020 at a rate of ZAR17.585. This forward foreign exchange contract was extended in April, July and November 2020 with the extensions in July and November 2020 being in respect of the reduced balance of the Dollar Facility of USD3 793 953. (See the section above headed “***Funding and Security Provided***”.) As at the Information Date, the applicable forward exchange rate is 12 May 2021.

This resulted in a loss to UsPlus which is described in the section above headed “***FX Losses and Equity Capital Raise***”, but has eliminated UsPlus’ direct foreign currency exposure risk arising from the Dollar Facility, provided that UsPlus raises sufficient Rand-denominated funding by the date of performance of its forward foreign exchange contract on 12 May 2021 (as extended from time to time, if applicable).

6. OWNERSHIP

As at the Information Date, the shareholding of UsPlus is as follows:

Shareholder	Percentage Shareholding	Additional Information
Helios (Proprietary) Limited*	58,63%	Related party to Leon Kirkinis who is the managing director of UsPlus
Baleine Capital	25.27%	Related party to Uys Meyer who is a director of UsPlus
Vaalbara (Proprietary) Limited	13.11%	Related Party to Erik De Ridder who is a director of UsPlus
Other UsPlus Management	2.99%	UsPlus Management

7. DIRECTORS AND OFFICERS

7.1. Directors

The directors of the board of the Issuer (the **Board**), as at the Information Date, are listed in the table below.

Name	Director	Date of appointment
Leonidas Kirkinis	Executive Director	28 April 2015
Gary Sayers	Executive Director	18 February 2020
Uys Meyer	Independent Non-executive Director	26 August 2016
Sarita Martin	Independent Non-executive Chairman	24 February 2020
Frederik de Ridder	Independent Non-executive Director	24 February 2020

LEONIDAS KIRKINIS (“Leon”) (61)

Chief Executive Officer, Executive Director

Qualifications: Bachelor of Commerce and Bachelor of Accountancy - University of Witwatersrand.

Leon has spent the last thirty years focused on promoting financial inclusion in South Africa with the aim of improving people’s lives. After qualifying as a Chartered Accountant, Leon spent the first five years of his career in merchant banking where he became a specialist in mechanisms to channel finance from formal capital markets to the development sector. He founded Theta Securities, a specialist structured finance house, in 1993 and was managing director of African Bank Investments Limited (“**ABIL**”, formerly Theta Group Limited) from 1997 (becoming CEO of African Bank Limited in early 1999), until his resignation on 6 August 2014 at the request of the ABIL board.

Leon is the co-founder of Us Plus Limited.

Other Directorships: Helios (Proprietary) Limited, Octavia Investments (Proprietary) Limited, Upbeatprops 167 (Proprietary) Limited

GARY SAYERS (“Gary”) (48)**Chief Financial Officer, Financial Director and Debt Officer**

Qualifications: CA (SA), B. Compt (CTA) – UNISA, Bachelor of Commerce (Hons Accountancy) – University of Kwazulu Natal, Bachelor of Commerce - University of Kwazulu Natal, Member (SAICA) – South African Institute of Chartered Accountants.

Gary is a Chartered Accountant and an experienced financial executive director with 20 years’ experience providing value as the key financial and strategic partner at profitable, high-growth, entrepreneurial, international and Southern African companies. He is experienced at running early-stage start-up businesses with extensive regulatory oversight and King IV level corporate governance requirements. This includes establishing an investment banking off-shore Head Office from scratch. Gary has project managed the successful acquisition of strategic funding for the implementation of corporate strategy and liquidity. Gary is a non-executive director and Audit Committee chair for the boards of a number of Securitisation Special Purpose Vehicles. He judged the Fintech Top 100 Companies awards at the Finance Indaba in 2016 and 2017. Gary has program managed strategic projects for finance transformation and engineered the green-fields start-up of his own financial services consulting business as founding, executive director. He is comfortable delivering value to stakeholders at both a strategic and operational level.

Other Directorships: Girder Consulting (Proprietary) Limited, Quadridge Transactional Services (Proprietary) Limited, Greenhouse Funding 5 (RF) Limited, Redink Rentals RF Limited, Nitro Securitisation 6 (RF) Limited, Precinct Funding 2 (RF) Limited, Nitro Programme (RF) Limited, Fox Street 7 (RF) Limited, The Thekwini Warehousing Conduit (RF) Limited, Kopano Industrial Solutions (Proprietary) Limited.

UYS MEYER (“Uys”) (62)**Independent Non-executive Director**

Qualifications: Bachelor of Accountancy (Hons) - University of Stellenbosch.

Uys is a fund manager and the chief executive officer at BlueAlpha Investment Management.

Uys holds an honours degree in accounting and completed his articles with Ernst and Young. Having worked for UAL Merchant Bank, Lombard Guarantee Insurance Company and FirstCorp Merchant Bank in various investment banking and trading related positions, Uys has broad financial market experience. Having co-founded Decillion in 1996, Uys launched the group’s hedge fund management business and managed this entity until his departure in 2003. Uys founded BlueAlpha Investment Management in July 2003 and currently manages that firm’s South African collective investment products.

Other Directorships: BlueAlpha Investment Management (Proprietary) Limited, Baleine Capital (Proprietary) Ltd, Ergsterk (Proprietary) Limited, BB Management (Proprietary) Limited, Dezeven (Proprietary) Limited, Investcomm (Proprietary) Limited, BUF Resources (RF) (Proprietary) Limited, Abonne Holdings (Proprietary) Limited, Belle Ferme (Proprietary) Limited and BBAP Services (Proprietary) Limited.

SARITA MARTIN (“Sarita”) (49)**Independent Non-executive Chairman**

Qualifications: B.Proc, LLB MBA (GIBS), Diploma in Advanced Banking, Certificate in Compliance Management.

Sarita is Faculty Facilitator for the Institute of Directors of Southern Africa and an Executive Coach.

Sarita is an experienced non-executive director on the board of Reunert Limited, a JSE-listed entity, where she is chair of the Remuneration Committee, a member of the Audit Committee and the Social and Ethics Committee, and was previously a member of the Nominations and Governance Committee and the Risk Committee. Sarita is an admitted Attorney and an experienced consultant, with a demonstrated history of working in the banking industry. Her areas of skill include corporate governance, enterprise risk management, legal compliance, banking, company secretarial work, facilitation and law. Sarita has undergone commercial mediator training focused in mediation in conflict dynamics. She has also worked in human resources and corporate affairs, was a previous member of the Litigation Committee of the Financial Services Board and has been a lecturer and marker for the Chartered Secretaries qualification. Sarita has served on the judging panel for annual Governance Showcase Awards and the 30% Club Women Empowered Awards as well as

being a mentor for up and coming directors. Sarita conducts training of directors and performs evaluations of the performance of boards and individual directors for the Institute of Directors in South Africa.

Other Directorships: Sarita Martin (Proprietary) Limited, Reunert Limited, Grayston Preparatory School NPC company.

Frederik de Ridder (“Erik”) (31)

Independent Non-executive Director

Qualifications: Bachelor of Science in Civil Engineering (awarded with First Class Honours) with a second major in Economics from UCT, MPhil in Technology Policy from the University of Cambridge (Cambridge-MIT Institute).

Erik is a principal at Vaalbara, a development finance organisation with a base in the Netherlands and in South Africa, which is committed to improving access to risk capital around the world. He is an engineer and economist by trade, with international start-up and finance experience across Sub-Saharan Africa, the UK, Western Europe and North America. Erik serves on the Advisory Board of the Faculty of Engineering and the Built Environment at the University of Cape Town. While studying for his masters at Cambridge, Erik focused largely on the space economy/sector, renewable energy and international venture / growth investment in key technology sectors and while at UCT, Erik was elected to serve on the Students' Representative Council (SRC) and was Green Campus Initiative (GCI) Chairperson.

Other Directorships: Vaalbara (Proprietary) Limited, Pannotia (Proprietary) Limited, DRV Technology Strategy (Proprietary) Limited and Western Breeze Trading 137 (Proprietary) Limited.

7.2. Director’s Disclosure

As at the date of this Information Statement, and subject to the additional disclosure made in paragraph 7.3 below, none of the directors, or the debt officer, of the Issuer have:

- ever been declared bankrupt, insolvent, had individual voluntary compromise arrangements or been sequestered in any jurisdiction;
- ever been involved, as a director with an executive function, in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, 2008 (Act No. 71 of 2008), receiverships, compulsory liquidations, creditors’ voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company at the time of or within the 12 months preceding such event;
- ever been involved in compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such director is or was a partner at the time of, or within the 12 months preceding, any such event;
- ever been involved in any receiverships of any assets(s) of such director or of a partnership of which such director is or was a partner at the time of, or within the 12 months preceding, any such event;
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been involved in any offence involving dishonesty;
- ever been convicted of any criminal offence involving dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- ever been barred from entry into any profession or occupation;
- ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act;
- ever been removed from an office of trust, or on the grounds of misconduct and involving dishonesty; and
- ever been subject to a court order declaring such director delinquent or placing such director under probation in terms of section 162 of the Companies Act, 2008 (Act No. 71 of 2008) and/or Section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or disqualifying him to act as a director in terms of Section 219 of the Companies Act, 1973 (Act No. 61 of 1973).

7.3. Additional Disclosure

From early 1999 until 6 August 2014, Leon was the chief executive officer of ABIL, currently called African Phoenix Investments Limited, the listed holding company of the ABIL group. ABIL was placed in business rescue on 5 June 2015 and came out of business rescue approximately one year later. ABIL's wholly-owned subsidiaries included:

- African Bank Limited (registration number 1975/002526/06), now called Residual Debt Services Limited (under curatorship) (“**the Bank**”), which was a bank, licensed and registered under the Banks Act, 1990 (Act No. 94 of 1990) and which was placed under curatorship in terms of the Banks Act on 10 August 2014 and, as at the Information Date remains under curatorship. Leon was the chief executive officer of the Bank until 6 August 2014;
- Ellerine Holdings Limited (registration number 1968/013402/06) (“**Ellerines**”), which was placed in business rescue on 21 August 2014.

On 2 September 2014, the South African Reserve Bank (“**SARB**”) instituted an independent investigation into the circumstances which gave rise to the Bank being placed under curatorship and appointed Advocate J.F. Myburgh as Commissioner in respect thereof.

Following from the aforementioned investigation, Advocate Myburgh released his report during May 2016 (“**Myburgh Report**”) which found that:

- *“there was no evidence that the business of the Bank was conducted with the intent to defraud depositors or other creditors of the Bank or any other person or for any other fraudulent purpose”;*
- *“the business of the Bank was conducted negligently”* in a number of respects and in particular *“was conducted recklessly in making loans to Ellerines”;*
- *“ABIL and the Bank acted negligently in underestimating the financial implications of issues such as bad debts; impairments; the cost of funding Ellerines; the risk of the market losing confidence in ABIL and the Bank and the funders failing to continue to support ABIL and the Bank”;*
- *“The boards of ABIL and the Bank, generally, were a party to the conduct described in the findings”.*

The ABIL group boards dispute the findings by the Commissioner in respect of negligence and recklessness.

The Myburgh Report was referred by the SARB to the National Prosecuting Authorities (“**NPA**”) for consideration in 2016 without any further action being taken by the NPA in this regard against any of the directors of ABIL and the Bank. No process or action has been taken against Leon by any professional body to bar Leon from his profession.

Only one legal case (being a civil case) has been brought against the directors of ABIL, the Bank and Deloitte (being the former auditors of ABIL and the Bank) arising out of the business rescues and curatorship within the ABIL group of companies, being a claim by ABIL's two former empowerment partners, namely Hlumisa Investment Holdings Limited and Eyomhlaba Investment Holdings Limited, (both in business rescue (the “**BEE Companies**”)) and which were shareholders in ABIL. Such claim was for compensation in respect of the value of their ABIL shares. The BEE Companies' claim was dismissed by the North Gauteng High Court on the basis that only ABIL and the Bank could bring an action against their respective boards, which neither the curator of the Bank, nor ABIL, nor the business rescue practitioners of ABIL have done. The BEE Companies appealed the decision and the appeal was dismissed on 3 July 2020 by the Supreme Court of Appeal. In December 2020, the Constitutional Court dismissed the BEE Companies application for leave to appeal with costs. Accordingly, as at the Information Date, this case has come to an end.

7.4. Debt Officer

As at the Information Date, the debt officer of the Issuer is Gary Sayers.

Address: Office 202, Greenside Quarter, 10 Gleneagles Road, Greenside, Johannesburg, 2193, South Africa

E-mail address: gary@usplus.world

7.5. Company Secretary

The company secretary of UsPlus is Acorim (Proprietary) Limited which has its registered office at the following address:

13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton, 2196

8. CORPORATE GOVERNANCE

The Board has established an Audit and Risk Committee as well as a Social and Ethics Committee. As at the Information Date, the members of both of these committees comprise Sarita Martin (who is the chairman of the Board), Uys Meyer (who is the chairman of the Audit and Risk Committee) and Erik De Ridder (who is the chairman of the Social and Ethics Committee). The executive directors of UsPlus may attend board committee meetings as invitees.

The following policies of UsPlus are available on the website of the Issuer (<https://usplus.world> under the “*Investor Relations*” - “*Corporate Governance*” path in such website).

- the Conflict of Interest Policy (in a document entitled *Code of Conduct and Ethics*); and
- the Policy on Selection and Nomination of Non-Executive Directors.

King IV Application

UsPlus applies the principles as set out in the King Code on Corporate Governance in South Africa 2016 (“**King IV**”).

Principle	Application of the principle
Section 1: Leadership, ethics and corporate citizenship	
<i>Principle 1</i>	<i>Leadership</i>
The Governing Body should lead ethically and effectively	<p><i>Integrity</i></p> <p>The Board subscribes to and promotes the highest standard of integrity and good corporate governance, acting ethically and setting the tone for an ethical organisational culture. The Board’s ethical approach is further strengthened by the diverse experience of its non-executive directors, the majority of whom are independent.</p> <p>Disclosures of other directorships, personal financial interest and any other conflicts of interest, and those of related persons, is a standard Board agenda item and a director interest schedule is circulated, updated and maintained by the company secretary.</p> <p>The Board has adopted a conflict of interest policy and register for directors and the executive management.</p> <p>In the event that there are conflicts of interest, directors recuse themselves from deliberation on the matter.</p> <p>The Issuer’s policy on insider trading and dealing in Company securities prohibits directors from using their positions or confidential and price sensitive information to achieve a benefit for themselves or any related parties.</p> <p><i>Competence</i></p> <p>Upon appointment, all new directors are adequately briefed with the requisite knowledge of the Issuer’s operations, business environment and their respective duties as directors in terms of the Companies Act, King IV and take-over law.</p> <p>In order to ensure that directors sufficiently discharge their duties to the Issuer, they are required to keep abreast of changes and trends in the business environment and market in which the Issuer operates.</p> <p>The company secretary will conduct an evaluation of the effectiveness and performance of the Board, its Committees and individual directors. Issues that</p>

	<p>are identified during the Board and Committee evaluation will be addressed and resolved through training and subsequent discussions.</p> <p>Responsibility</p> <p>The Board is responsible for setting the strategic direction of the Issuer. The Board exercises the requisite control through the governance framework of the Board and its Committees. The Board Charter contains a list of matters reserved for Board decisions.</p> <p>Accountability</p> <p>The Board has an approved delegation of authority which is reviewed annually by the Audit and Risk Committee. In accordance with the delegation of authority, the Board has been allocated specific responsibilities. The delegation of authority does not reduce the individual and collective responsibilities of the directors overall fiduciary duties.</p> <p>Fairness & Transparency</p> <p>The Board is the ultimate custodian of the governance framework which requires the Issuer and its directors to act in accordance with the highest standards of fairness, accountability, responsibility, transparency, ethics and sustainability.</p>
<i>Principle 2</i>	<i>Organisational values and ethics</i>
The Governing Body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	The Issuer has implemented a Code of Conduct and Code of Ethics, designed to establish a culture of intolerance towards unethical conduct, fraud and corruption, and seeks to ensure that directors act ethically and in compliance with relevant legislation and regulations. The Social and Ethics Committee is tasked with the review of ethical leadership and behaviour. The Social and Ethics Committee accordingly reviews the Code of Conduct and Code of Ethics and ensures that the Board is equipped to deliver a sustainable ethical culture.
<i>Principle 3</i>	<i>Responsible corporate citizenship</i>
The Governing Body should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Board approves the strategy and priorities of the business, in accordance with its role of overseeing the Issuer's conduct as a good corporate citizen. The Board, with the support of the CEO and together with the management team oversees and monitors how the operations and activities of the Issuer affect its status as a responsible corporate citizen.</p> <p>The Social and Ethics Committee approves the agreed strategy and monitors the implementation plan to demonstrate the Issuer's commitment to being a good corporate citizen. The strategy and plan include the Issuer's impact on the environment and its ongoing corporate social investment.</p>
Section 2: Strategy, performance and reporting	
<i>Principle 4</i>	<i>Strategy and performance</i>
The Governing Body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance	The Board recognises that strategy, risk, performance and sustainability are inseparable. The Board is responsible for aligning the strategic objectives, vision and mission of the Issuer with performance and sustainability considerations. The Board approves the Issuer's strategy which is aligned with

<p>and sustainable development are all inseparable elements of the value creation process</p>	<p>its purpose, the value drivers of the business and the expectations of its stakeholders.</p> <p>The Board, together with the Audit and Risk Committee oversees the governance of risk; monitors the identified risks; and mitigating controls.</p> <p>On an annual basis, the Audit and Risk Committee review’s managements documented assessment of the Issuer’s going concern premise. Upon the recommendation of this Committee, the Board confirms that the Issuer is both solvent and liquid and is therefore a going concern.</p>
<p><i>Principle 5</i></p>	<p><i>Reporting</i></p>
<p>The Governing Body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short, medium and long-term prospects</p>	<p>The Issuer has the necessary controls in place to verify the integrity of the Issuer’s annual reports and disclosures. The annual report is reviewed by the executive, external advisors and the Audit and Risk Committee to ensure compliance with legal requirements and relevance to stakeholders, prior to approval by the Board.</p> <p>The Audit and Risk Committee similarly reviews the annual financial statements. Company updates and financial information are distributed via various channels and relevant information, including corporate governance disclosures, and annual financial statements are published on the Issuer’s website.</p>
<p>Section 3: Governing Structures and Delegation</p>	
<p><i>Principle 6</i></p>	<p><i>Primary roles and responsibilities of the governing body</i></p>
<p>The Governing Body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The Board operates under an approved Charter that ensures that its roles, responsibilities and accountability are documented and adhered to. The Board Charter specifically sets out the Board’s responsibilities relating to corporate governance.</p> <p>The Board as well as any director or Committee member may obtain independent, external professional advice at the Issuer’s expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required.</p>
<p><i>Principle 7</i></p>	<p><i>Composition of the governing body</i></p>
<p>The Governing Body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>Composition</p> <p>The Board is comprised of 2 executive directors and 3 non-executive directors. The majority of the directors are independent. The Board has been structured in a way that there is a clear balance of authority, ensuring that no one director has unfettered powers.</p> <p>The size of the Board is regulated by the Issuer’s memorandum of incorporation (“MOI”) and directors are appointed through a formal process. The Board assess the structure and composition of the Board on an ongoing basis, considering the size of the Board and the knowledge, skills, experience and demographics of the directors to ensure it is appropriately diversified with regard to amongst others, gender, race, nationality, skills, geographic and</p>

	<p>industry experience, age and other characteristics of directors.</p> <p>The Board has adopted a current policy and register dealing with the process for nomination and appointment of directors.</p> <p>Independence</p> <p>As part of the board evaluation process, the Board will consider the relationship between executive and non-executive directors.</p> <p>Periodic rotation and nomination for re-election</p> <p>In accordance with the Issuer's MOI, one third of the non-executive directors retire from office at each Annual General Meeting. Retiring directors are eligible for re-election. Executive directors are not subject to retirement by rotation.</p> <p>Succession planning</p> <p>The Board is responsible for overseeing succession planning and ensuring that appropriate strategies are in place to ensure the smooth continuation of roles and responsibilities of members of the Board and senior management.</p>
<i>Principle 8</i>	<i>Committees of the governing body</i>
The Governing Body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties	While the Board remains accountable and responsible for the Issuer's performance and affairs, Board Committees assist the Board in discharging its duties and responsibilities. These Committees do not in any way mitigate or discharge the Board of its duties and responsibilities.
<i>Principle 9</i>	<i>Evaluations of the performance of the governing body</i>
The Governing Body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	The Board fully supports the notion that an appropriate evaluation of the Board and its various structures is a value adding exercise that facilitates the continued improvement of the Board's performance and effectiveness.
<i>Principle 10</i>	<i>Appointment and delegation to management</i>
The Governing Body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>While retaining overall accountability, and subject to matters reserved to itself, the Board has delegated authority to the CEO to run the day to day affairs of the Issuer, subject to a delegation of authority framework. The delegation of authority framework sets out authority thresholds and governs sub-delegation.</p> <p>The Board is satisfied that the Issuer is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p> <p>Professional corporate governance has been outsourced to Acorim, as the Company's company secretary.</p>

	<p>All directors have unfettered access to the company secretary who assists with a full range of services to ensure that the Board and the individual directors are in a position to discharge their roles and responsibilities.</p> <p>The Board considers the competence, qualifications and experience of the company secretary annually and is satisfied that Acorim is competent and has the appropriate in-house qualifications and experience to serve as the company secretary. The Board further believes that the company secretary is suitably qualified and experienced to carry out the duties stipulated under the Companies Act.</p> <p>The Board is satisfied that an arm's length relationship exists with the company secretary.</p>
Section 4: Governance functional areas	
<i>Principle 11</i>	<i>Risk governance</i>
The Governing Body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Board has delegated responsibility to monitor risk activities of the Issuer to the Audit and Risk Committee whilst remaining ultimately accountable. The Board has delegated the responsibility to design, implement and monitor the risk management plan to the executive. The Board, through the Audit and Risk Committee, sets limits for the levels of risk tolerance and appetite and the implementation and management of the risk management plan is monitored by the Audit and Risk Committee. Management performs risk assessments on a continuous basis and provides regular feedback to the Audit and Risk Committee and the Board.</p> <p>The Audit and Risk Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the internal and external auditors where applicable.</p>
<i>Principle 12</i>	<i>Technology and information governance</i>
The Governing Body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<p>The Board oversees the IT functions at the Issuer's offices and has established the necessary IT security policies and firewalls and processes are implemented in order to avoid or mitigate key IT-related business risks. Assurance on IT systems and processes is provided by management and findings are reported to the Board, which ensures that any and all material findings are addressed appropriately.</p>
<i>Principle 13</i>	<i>Compliance governance</i>
The Governing Body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	<p>The Board is responsible for the Issuer's compliance with applicable laws and has delegated the responsibility for implementing compliance to the executive team. The Board is assisted by the Audit and Risk Committee in monitoring compliance.</p> <p>The Audit and Risk Committee receives regular reports on compliance matters to the extent that they have an impact on the Issuer's financial statements.</p> <p>The Issuer is made aware of and complies with all legislation and anticipates the statutory requirements of bills and regulations by the compliance function. It ensures that all business, legislative and administrative processes and procedures are implemented, monitored and adhered to and that in ensuring that compliance</p>

	is enforced, eliminates reputational risk, alerts the compliance officer to aspects of non-compliance and endeavours to minimise any potential financial loss
<i>Principle 14</i>	<i>Remuneration governance</i>
The Governing Body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term	The Board oversees the establishment of a remuneration policy that will promote the achievement of strategic objectives at all levels in the Issuer and reviews the outcomes of the implementation of the remuneration policy on an annual basis.
<i>Principle 15</i>	<i>Assurance</i>
The Governing Body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	The Audit and Risk Committee receives regular reports on assurance matters from the external auditors and executive management. The Audit and Risk Committee approves the non-audit services provided by the external auditors, recommends approval of the audit fees, considers the effectiveness and independence of the external auditors, and recommends the appointment / re-appointments of the external auditors. The Audit and Risk Committee provides assurance to the Board regarding the efficacy of the risk management process, after consultation with the external auditors, where applicable.
Section 5: Stakeholders relationships	
<i>Principle 16</i>	<i>Stakeholders</i>
In the execution of its governance role and responsibilities, the Governing Body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	<p>The Issuer strives to ensure a systematic and integrated approach to stakeholder engagement throughout the Issuer, to ensure that all stakeholder issues have been identified, prioritised and appropriately addressed.</p> <p>The Board considers issues around stakeholder perceptions and oversees stakeholder engagement with management. By receiving regular reports, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.</p> <p>The Issuer publishes its most recent financial and operational performance and provides recent historical information, including its annual reports, on its website. The Issuer invites all shareholders to attend its AGM and facilitates participation by way of focused proxy solicitation and electronic means. The Issuer maintains regular contact with the investment community and analysts.</p>

9. FINANCIAL PERFORMANCE

Potential investors are hereby referred to the Issuer's audited consolidated annual financial statements, incorporated herein by reference and available at <https://usplus.world> and/or are directed to attend at the Issuer's registered office which address is as set out at the end of the Programme Memorandum, to obtain a summary of the Issuer's financial performance.

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