Letshego
LETSHEGO HOLDINGS LIMITED

Full Year Results 2022

# Fact Sheet

December 2022

# Highlights

## Financial highlights

**Interest Income**
increased by
1%
year-on-year to
P3.15 billion
(2021: P3.11 billion)

**Non-funded Income**
increased by
43%
year-on-year to
P529 million
Excluding fx Gain: increased by 19% to P438 million (2021: P370 million)

**Insurance Revenue**
increased by
21%
year-on-year to
P243 million
(2021: P201 million)

**Total Income**
increased by
6%
year-on-year to
P3.68 billion
(2021: P3.48 billion)

**Interest Expense**
increased by
23%
year-on-year to
P1.39 billion
(2021: P1.13 billion)

**Net Interest Income**
decreased by
11%
year-on-year to
P1.76 billion
(2021: P1.98 billion)

**Profit Before Tax (PBT)**
decreased by
30%
year-on-year to
P801 million
(2021: P1.15 billion)

**Total Assets**
increased by
5%
year-on-year to
P16.91 billion
(2021: P16.06 billion)

## Portfolio performance

**Net Customer Advances**
increased by
7%
year-on-year to
P12.7 billion
(2021: P11.9 billion), while Gross Advances grew by 6% year-on-year

**Customer Deposits**
decreased by
5%
year-on-year to
P1.12 billion
(2021: P1.18 billion)

**Loan Loss Ratio (LLR)**
stood at
0.5%
(2021: -0.1%) prior year ratio impacted by once-off impairment reversal

## Shareholder returns

**Return on Equity (ROE)**
reduced to
8%
(2021: 14%) and return on assets reduced to 3% (2021: 5%)

**Earnings per Share**
decreased by
41%
year-on-year to
18.7 thebe
(2021: 31.5 thebe)

**Final dividend per Share**
9.7t

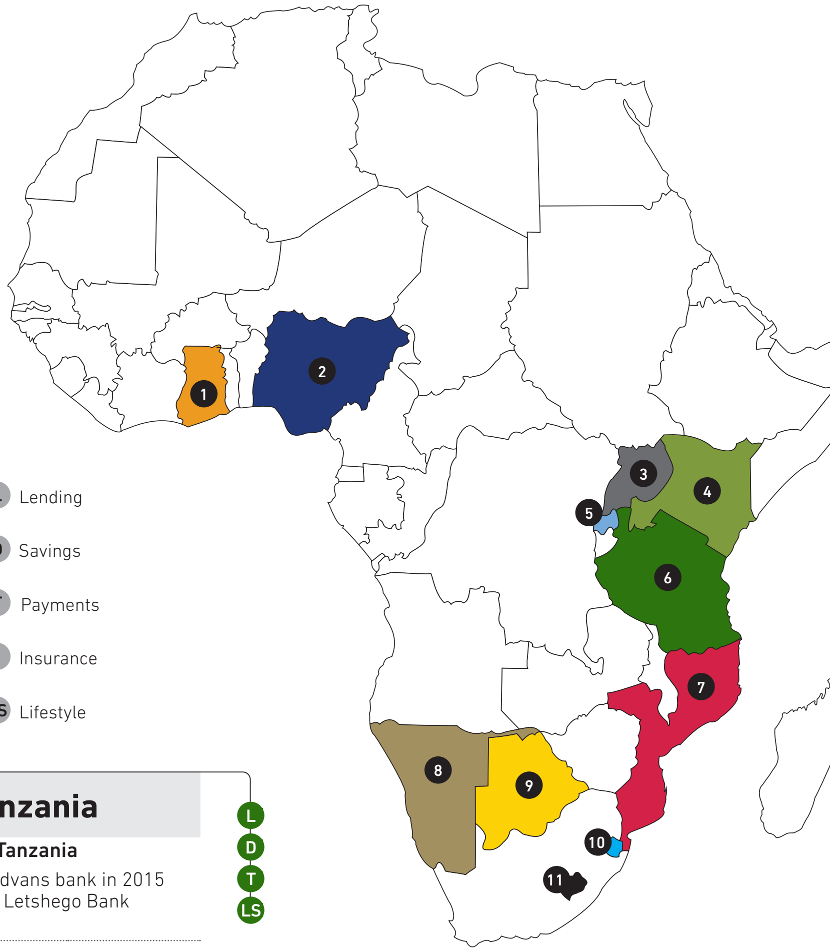
PHILIP ODERA
**GROUP CHAIRMAN**

"Letshego's commitment to maintaining strict governance standards, provides stability and confidence in our business for long term gain. With the majority of our customers confirming they trust us with their money, find our loans affordable and manageable and can save for a rainy day thanks to our savings options, we know we are achieving our purpose to make a difference in the lives of many Africans across our footprint."

AUPA MONYATSI
**GROUP CHIEF EXECUTIVE**

"Although aggregated profits dipped in the year, Letshego's business fundamentals remain robust. 3 markets recorded Return on Equity of over 20%, and another 2 of over 10%. East and West markets regrettably suffered economic headwinds, however Letshego's Turnaround Market strategy is already showing green shoots as we target our support to achieve sustainable profit momentum in 2023."

# Our footprint




- L Lending
- D Savings
- T Payments
- I Insurance
- LS Lifestyle

## 1 Ghana

L D LS

Opened doors in 2010 as AFB Ghana. Acquired by Letshego Group in 2017.

| | | |
|---|---|---|
| EMPLOYEES | **181** | (2021: 185) |
| CUSTOMERS | **5 238 126** | (2021: 4 587 923) |
| OUTLETS | **26** | (2021: 26) |

## 2 Nigeria

L D T LS

Opened doors as FBN Microfinance Bank in March 2008. Acquired by Letshego Group in 2015 and rebranded as Letshego MFB.

| | | |
|---|---|---|
| EMPLOYEES | **235** | (2021: 282) |
| CUSTOMERS | **100 618** | (2021: 94 837) |
| OUTLETS | **21** | (2021: 22) |

## 3 Uganda

L LS

Opened doors in 2005 as Micro Provident Uganda. Rebranded to Letshego Uganda Limited in 2011.

| | | |
|---|---|---|
| EMPLOYEES | **182** | (2021: 192) |
| CUSTOMERS | **35 590** | (2021: 41 748) |
| OUTLETS | **43** | (2021: 44) |

## 4 Kenya

L I LS

Opened doors in 2000 as part of Micro Africa Group. Acquired by Letshego Group in 2012.

| | | |
|---|---|---|
| EMPLOYEES | **148** | (2021: 156) |
| CUSTOMERS | **9 049** | (2021: 11 125) |
| OUTLETS | **29** | (2021: 29) |

## 5 Rwanda

L D

Opened doors in 2000 as part of Micro Africa Group. Acquired by Letshego Group in 2012.

| | | |
|---|---|---|
| EMPLOYEES | **55** | (2021: 52) |
| CUSTOMERS | **15 671** | (2021: 14 462) |
| OUTLETS | **4** | (2021: 4) |

## 6 Tanzania

### Letshego Bank Tanzania

L D T LS

Group acquired Advans bank in 2015 and rebranded to Letshego Bank Tanzania.

| | | |
|---|---|---|
| EMPLOYEES | **74** | (2021: 79) |
| CUSTOMERS | **384 999** | (2021: 358 349) |
| OUTLETS | **175** | (2021: 179) |

### Faidika Tanzania

L LS

Faidika opened doors in 2006.

| | | |
|---|---|---|
| EMPLOYEES | **56** | (2021: 59) |
| CUSTOMERS | **26 587** | (2021: 27 755) |
| OUTLETS | **102** | (2021: 103) |

## 7 Mozambique

L D T

Opened doors in 2011. Commercial banking license awarded in 2016.

| | | |
|---|---|---|
| EMPLOYEES | **166** | (2021:169) |
| CUSTOMERS | **386 784** | (2021: 318 249) |
| OUTLETS | **463** | (2021: 466) |

## 8 Namibia

L D T LS

Edu Loan Namibia acquired by Letshego Group in 2008 and registered as Letshego Micro Finance Services Ltd. Listed on NSE in 2017.

| | | |
|---|---|---|
| EMPLOYEES | **148** | (2021: 157) |
| CUSTOMERS | **114 570** | (2021: 84 714) |
| OUTLETS | **17** | (2021: 16 ) |

## 9 Botswana

L I LS

Opened doors in 1998.

| | | |
|---|---|---|
| EMPLOYEES | **156** | (2021: 149) |
| CUSTOMERS | **35 967** | (2021: 32 198) |
| OUTLETS | **15** | (2021: 15) |

## 10 Eswatini

L LS

Opened doors in 2006 as Micro Provident Swaziland and rebranded in 2010.

| | | |
|---|---|---|
| EMPLOYEES | **29** | (2021: 27) |
| CUSTOMERS | **303 892** | (2021: 137 026) |
| OUTLETS | **3** | (2021: 3) |

## 11 Lesotho

L LS

Opened doors in 2012.

| | | |
|---|---|---|
| EMPLOYEES | **49** | (2021: 45) |
| CUSTOMERS | **5 056** | (2021: 4 984) |
| OUTLETS | **5** | (2021: 5) |

# Financial commentary

The Board of Directors of Letshego Holdings Limited ("the Group"/"Letshego Africa") herewith presents an extract of the reviewed consolidated financial results for the year ended 31 December 2022

## EXECUTIVE SUMMARY

The Group's primary focus in 2022 was on stabilisation of the business, in the face of internal and external factors comprising of board and management changes and turbulent macro-economic conditions. Footprint markets saw economic growth slowing from more positive 2021 trajectories, further interrupted by tighter global financial conditions, and a rise in inflation levels worldwide. Rising food and energy crises spurred by the Russia – Ukraine turmoil exacerbated the economic and social risk profile within most of Letshego's regional markets.

The business remained stable despite these pressures, with core markets, Botswana, Namibia and Mozambique, remaining resilient and continuing to generate positive Returns on Equity of 21%, 13% and 11% respectively. As part of the stabilisation and recovery effort, the Group classified its subsidiaries into two key groupings namely "Fit for Growth" and "Turnaround Markets". The Fit for Growth markets comprise of Botswana, Namibia and Mozambique, together with Uganda, Lesotho and Eswatini. These markets have demonstrated resilience but require spurred returns to sustain the Group's 5 year vision.

"Turnaround markets" include Ghana, Tanzania, Kenya, Nigeria and Rwanda. East and West Africa suffered more adverse macro-economic conditions in 2022 than Southern African countries. Ghana notably suffered setbacks in sustaining its business momentum with record inflation, a depreciating currency and rising interest rates. The impact of the Domestic Debt Exchange Program adversely affected the country's funding, cost base and bond valuations, impacting this operation which was previously included in the Group's P100million Profit Before Taxation companies. Notwithstanding the difficult operating environments some of the Turnaround Markets showed a level of resilience and growth, with Faidika recording a profit before taxation of P53.6 million; a year on year growth of 44%. Rwanda moved from a breakeven position over the last two years to record a profit before tax of P1.8 million. Under new leadership Nigeria reported a profit before tax of P23.5 million from a loss position in the previous year as the team stepped up collection efforts and focused on business growth in the new year.

The Group made strategic responses to mitigate the macroeconomic headwinds, recognising increasing performance challenges, buoyed by these conditions. The Group has clear pressure in 2023 to expedite performance recovery of these markets.

Specific actions taken from the second half of 2022 to support the Turnaround markets include the following:

- The Group appointed Mr Fergus Ferguson as the Regional CEO for the Turnaround Markets. Fergus is the former CEO of Botswana with oversight over Eswatini and Lesotho (BOLESWA). A new CEO for BOLESWA will join the Group on 1 April 2023. Fergus will be supported by focused and specialist skills to help turnaround this portfolio.
- In addition to the increased support, business models for "Turnaround Markets" have been adjusted to facilitate accelerated momentum in proven product streams. The revision in focus remains in line with the Group's Geographic Rebalancing commitment to achieve greater equity in regional profit centres. The Group's adjusted level of support is already generating green shoots, with Nigeria's revised distribution model already showing upward potential, albeit off a low base.
- New leadership has been put into place in Nigeria. Under this new leadership, the Group launched LetsGoPay in the Digital Mall, a first and important step to enabling online outward and inward transfers. This could not have come at a better time with the current cash challenges in the market – where the Central Bank is implementing its cashless economy policy. This capability is key for our digital savings mobilisation as well as automating loan repayment collections that directly impact our portfolio quality. To date, the fully integrated transfer in and transfer out capabilities are live on Mobile App and Web ; and development for online account opening and bill payments is ongoing with focus on delivering a fully digital customer experience on the Mall.
- New leadership is expected for Ghana by Q2 2023.
- More closely defined performance indicators now articulate deadlines in minimum performance parameters, with exit strategies a realistic consideration in 2024 should parameters not be met.
- The Group's Treasury function gained further bench strength with the appointment of a Group Head of Treasury, supported by a Group Head of Investor Relations to facilitate communication between the Group and its stakeholders.
- Letshego recently announced its intention to streamline its two subsidiaries in Tanzania to achieve greater business and operational efficiencies, while leveraging legacy success factors and strategic assets from both entities. The amalgamated business will have a strengthened capital base and support the Geographic Rebalancing strategic conversation.

The Group is optimistic about its ability to turnaround Ghana in 2023 having adjusted the product offering. Liquidity is available in the market and the Group believes that as the secondary market picks up, the operation will be able to raise local funding, to keep hedging costs down and minimise foreign exchange fluctuations which are typical of foreign denominated funding.

Letshego's capital base is resilient at a capitalisation ratio of 31%. All other subsidiaries remain well capitalised. The Group remains committed to its Transformation strategy. Geographic Rebalancing will be pursued with a tighter mandate to achieve real growth in stipulated timelines for Turnaround Markets. Fit for Growth markets will seek to deliver greater returns within current upward performance trajectories. With Plan 2 (two year period: 2021 – 2022) concluded, the Group has commenced Plan 5 (2023 – 2025), driven to close on 2025 performance targets. The Group remains confident in its ability to achieve its Plan 5 goals by 2025.

# FINANCIAL OVERVIEW

Inflation worsened from mid 2022, with several African currencies taking a knock against a strengthening US Dollar coupled with escalating global commodity prices. Public debt and debt servicing ratios were elevated despite fiscal consolidation measures across the countries. Monetary policy tightening continued throughout the year with marked increases in monetary policy rates. Fiscal liquidity challenges emerged during the year, impacting third party payments, including timely loan payment remittances from select government payrolls.

2022 saw the Group conclude the Plan 2 of its Transformation Strategy, within its 6-2-5 execution roadmap. The two year period was characterised by increased investment into products and architecture, with the Digital Mall offering expanding with social impact driven products, such as 'Affordable Housing' and Insurance.

Overall profits for the full year were down year-on-year, weighted by downside performance in specific markets. Profit before tax declined 30% year on year to P801 million (2021: P1.15 billion). Profit after tax reduced 36% year-on-year to P469 million (2021: P730 million). Fit for Growth markets however recorded 5% growth in Profit before taxation and 9% growth in Profit after tax.

Total Income increased 6% year-on-year, driven by growth in non-interest income, that increased by 43% (19% excluding foreign exchange gains) as well as strong growth in insurance income of 21% to P243 million (2021: P201 million). Access to Letshego's expanding suite of LetsGo Insurance products was enabled with an expanding Digital Mall product portfolio.

Namibia and Mozambique remain the Group's primary insurance contributors with 10% and 96% year-on-year income growth, respectively. Letshego Botswana also expanded its insurance offering this last year, achieving good traction towards embedding an expanded suite of insurance solutions to support longer term growth.

The impact of economic headwinds and subsequent central bank interventions saw upward pressure on interest expense for the Group. Reference rates increased in the second half of the year, resulting in a 23% year-on-year increase in interest expense. Net Interest Income declined by 11% to P1.76 billion (2021: P1.98 billion). While 55% of the Group's funding is floating rate pricing, the asset side is primarily fixed pricing, with repricing taking place at a slower rate than the liability side , thereby resulting in margin compression.

In the year under review, the Group progressed with building an increasingly digitised yet accessible customer proposition. Prospective customers reached over 1 million and a total of 22% of Letshego customers originated loans on the Digital Mall. Digital Mall product expansion remains a priority in all markets, with digital insurance proving its strong upward potential in seven markets. Namibia opened over 2 500 new, flexisave digital accounts and doubled card transaction volumes to over 490 000. These initiatives supported the 43% growth of non-funded income. Letshego expanded its social impact portfolios by launching products for MSE Working Capital, Purchase Order financing, Education Solutions and Affordable Housing – all accessible via the LetsGo Digital Mall.

In addition, the Group has progressed with telco partnerships to leverage ecosystems that will further enhance financial inclusivity, social impact and digital transformation in 2023. This year sees the Group commence its third and final phase in strategic execution – Plan 5 – with the last stretch serving to meet the Group's five year plan in 2025. This next phase of evolution is centred on improving and deepening customer centricity and experience, while leveraging installed digital assets and diversifying product offerings to grow revenue and optimise costs.

Credit impairment charges were P98.7 million (2021: impairment credit/reversal of P17.2 million) translating to a loan loss ratio of 0.5% against a net recovery of 0.1% in 2021. Full Year 2021 net recovery was driven partly by a once-off benefit from a P75 million write back in East Africa. In 2022, there was an uptick in delinquencies, with Non-Performing Loans ratio closing the year at 6.5% (Dec 2021: 5.9%).

The increase in Non-Performing Loan (NPL) ratio was mainly driven by extraneous factors prevailing in the year which impacted our Micro and Small Entrepreneur" (MSE) portfolios. Tightening macro-economic conditions in Ghana and Mozambique impeded timely loan remittances during the period, reducing overall loan performance within the Deduction at Source portfolios. The Group loss recognition process has factored these into the 2022 IFRS 9 loan impairment modelling. The model also factored in the mitigating impacts of credit default insurance that is in place in Mozambique and Namibia. Group loss coverage remains strong.

## FINANCIAL HIGHLIGHTS DECEMBER 2022

- **NET INTEREST INCOME** down 11% to P1.76 billion (2021: P1.98 billion)
- **NON-FUNDED INCOME** increased by 43% year-on-year to P529 million (2021: P370 million)
- **PROFIT BEFORE TAX (PBT)** down 30% year-on-year to P801 million (2021: P1.15 billion)
- **PROFIT AFTER TAX (PAT)** down 36% year-on-year to P469 million (2021: P730 million)
- **NET ADVANCES** up 7% to P12.7 billion (2021: P11.9 billion), while Gross Advances grew by 6% year-on-year
- **TOTAL ASSETS** increased by 5% year-on-year to P16.9 billion (2021: P16.1 billion)
- **CUSTOMER DEPOSITS** decreased by 5% year-on-year to P1.12 billion (2021: P1.18 billion)
- **LOAN LOSS RATIO (LLR)** of 0.5% (2021: credit of 0.1%) reflected preserved loan book quality
- **COST-TO-INCOME RATIO** increased to 63% year-on-year (2021: 52%)
- **EFFECTIVE TAX RATE (ETR)** up to 41% (2021: 36%)
- **EARNINGS PER SHARE** 18.7 thebe (2021: 31.5 thebe)
- **RETURN ON EQUITY (ROE)** 8% (2021: 14%) and return on assets 3% (2021: 5%))
- **CAPITALISATION RATIO** 31% (2021: 31%) alongside strong asset growth
- **DEBT-TO-EQUITY** 142% in line with gearing ratio guidelines (2021: 145%)

# Statement of Profit and Loss Review

## Net Interest Income

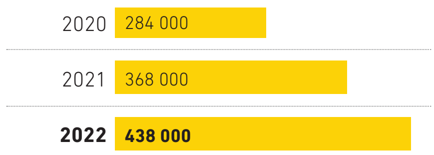
declined by 11% to P1.76 billion (2021: P1.98 billion), whilst Interest Expense incurred on borrowings increased by 23% year-on-year. The second order impact of the Russia-Ukraine war saw rising inflation in all markets and governments increasing interest rates to curb inflation. Notwithstanding this, the Group's operations in its Fit for Growth markets witnessed income performance, with Interest Income increasing by 8% year-on-year and Net Interest Income increasing by 2%.

## Non-funded income

grew by 43% year-on-year to P529 million (2021: P370 million), mainly driven by increased business from previously existing, as well as new insurance products. Included in non-funded income is a net foreign exchange gain of P90.7 million (2021: P2.4 million). Excluding the foreign exchange gains, non-funded income increased by 19% year-on-year.

Non-funded income as a percentage of total income has shown an increasing trend over the last three of years. Shown below is a trend of non-funded income (excluding foreign exchange gains) over three years, showing the impact of the product diversification strategic conversation.

Non-funded income (Pm)




* Capital annualised growth rate (CAGR) – 53%

## Total operating expenses

Total operating costs increased from P1.2 billion to P1.39 billion in 2022. Other operating expenses increased by 19% year-on-year to close the year on P800 million (2021: P671 million), while Employee costs increased by 7% with key roles including Treasury, Investor Relations, and Procurement now filled. Cost-to-income ratio increased to 63% in the year from 52% in the prior year on the back of pressured net interest income and inflationary cost increases. The Group witnessed inflation rates rising from April 2022 in all our markets, contributing to inflationary cost increases in the second half of the year.

## Effective Tax Rate ("ETR")

Letshego's Effective Tax Rate was 41% (2021: 36%). The increase is attributable to an increase in non-deductible expenses. The Domestic Debt Exchange Program in Ghana resulted in the impairment of domestic bonds in the Group's portfolio. Subsidiary dividends increased from P544 million in FY 2021, to P699 million this year and this also contributed to an increase in the ETR as a result of the increase in withholding tax. In addition the increased withholding tax was applied to a lower base i.e the reduced Profit Before Tax ("PBT") and this too contributed to an increase in the ETR.

The components of the ETR are broken down as follows:

| Components of the Effective Tax Rate | 31 Dec 2022 % | 31 Dec 2021 % |
|---|---|---|
| Baseline tax charge | 30 | 28 |
| Withholding Tax on Dividends from subsidiaries & preference shares and inter group costs | 11 | 8 |
| **Effective tax rate** | **41** | **36** |

Withholding tax contribution to the ETR increased by 6% and that of baseline tax was reduced by the same percentage. The reduction in the baseline tax contribution is attributable to the reduced PBT from prior year, as PBT has a direct correlation to current tax which is the major component of baseline tax.

Group Tax continues to work with subsidiaries to monitor tax leakages so that the ETR remains within the Group's internal threshold.

## Asset Quality

Portfolio indicators are holding strong on the back of enhanced credit risk management capabilities, strengthened credit risk governance, and improving risk infrastructure. The Group contained the extraneous risks to the portfolio in 2022 ensuring asset quality remained fairly stable with Non-Performing Loans ratio (NPL) closing the year at 6.5% compared to 5.9% in 2021. The growth in NPL was driven mainly by East and West African markets, where more vulnerable MSE portfolios are predominant. The portfolios in our large markets recorded improvement in NPL and recovery rates cumulatively improving the portfolio LGDs. As a result, our NPL impairment coverage ratio's was 45%, relative to 73% in prior period. The Group's credit risk mitigations in Mozambique and Namibia remained in force and are effective. The impact of these credit risk mitigations were factored into our IFRS 9 loan impairment modelling during the year.

The annualised loan loss rate (LLR) for 2022 closed off at 0.5% against a risk tolerance threshold of 3%. Good progress has been attained in enhancing credit processes and frameworks within individual subsidiaries and therefore leading to a more balanced control environment, this includes credit scoring on the front and back end.

## Asset Quality: Tabulated summary

| Measure | FY2022 % | FY2021 % | FY2020 & | FY2019 % | FY2018 % |
|---|---|---|---|---|---|
| Gross Loan Book Balance in P'm | **13 129** | 12 439 | 10 740 | 9 833 | 9 542 |
| Portfolio at risk – 30 days | **9.2%** | 9.2% | 8.3% | 10.0% | 10.4% |
| Non-Performing Loans (%) | **6.5%** | 5.9% | 5.3% | 6.9% | 7.1% |
| Loan loss rate – actual | **0.5%** | -0.1% | 0.3% | 1.7% | 4.1% |
| Loan loss rate – excl. once-off items | **0.5%** | 0.6% | 1.8% | 1.7% | 2.0% |

**Fit for Growth Markets**

| Measure | FY2022 | FY2021 |
|---|---|---|
| Gross Loan Book Balance in P'm | **10 567** | 9 373 |
| Portfolio at risk – 30 days | **7.9%** | 6.9% |
| Non-Performing Loans (%) | **5.1%** | 4.5% |
| Loan loss rate – actual | **0.02%** | 0.5% |
| Loan loss rate – excl. once-off items | **0.02%** | -0.6% |

**Turnaround Markets**

| Measure | FY2022 | FY2021 |
|---|---|---|
| Gross Loan Book Balance in P'm | **2 566** | 3 066 |
| Portfolio at risk – 30 days | **22.1%** | 16.3% |
| Non-Performing Loans (%) | **14.2%** | 10.2% |
| Loan loss rate – actual | **1.5%** | -1.2% |
| Loan loss rate – excl. once-off items | **1.5%** | 1.8% |

## Funding and Liquidity

### *Wholesale and Institutional Funding*

Total debt increased to P8.0 billion (2021: P7.4 billion). Wholesale funding made up 53% of Letshego's total funding portfolio (2021:41%), while Development Finance Institution (DFIs) funding constituted 26% (2021: 31%).

Bonds constituted 21% of total funding (2021: 28%). The Group matured the Bonds listed on the Johannesburg Stock Exchange, with the Botswana Stock Exchange bond programme remaining relatively stable at P933 million (2021: P918 million). Namibian Notes grew to P287 million (2021: P178 million) with reduction in Ghana Notes to P343 million (2021: P576 million) as the Group matured high cost bonds in a bid to manage cost of funds.

In light of the tightening monetary policy cycle, the Group made every effort to secure fixed rate funding to curb fluctuations in cost of funds. The Group focused on increasing fixed or indexed debt structures that stand at P3.0 billion (2021: P2.3 billion) and now make up 37% of total debt (2021: 31%) while the variable interest rate debt is at P5.0 billion (2021: P4.6 billion) constituting 63% of total debt (2021: 62%). The Group actively hedged foreign currency floating rate facilities to fixed rate using Cross Currency Swaps.

Effective cost of funds in the Fit for Growth markets rose to 9.9% (2021: 7.8%). This was mainly driven by the increase in variable - priced facilities. The policy rates increased in Namibia 10.5% (2021: 7.5%), Mozambique 20.6% (2021: 18.6%) and Botswana 6.8% (2021: 5.3%). The fixed cost funding in Fit for Growth markets increased to 10.6% (2021: 9.8%) due to marginal changes in rolled-over debt.

The cost of funds in the Turnaround Markets rose to 19.2% (2021: 8%), primarily affected by the increased Ghana Reference Rate which increased to 27% (2021: 14.5%). The Group offset part of the policy rate increases by settling certain floating rate funding lines and negotiating other renewals at lower margins. Bonds issued on the Ghana Stock Exchange were inoculated from a portion of the rate rises due to the interest rate caps previously in place.

Overall, the average cost of borrowings increased to 11.6% (2021: 10.1%) during the reporting period, driven by the above macro-economic factors which were mitigated by effective management actions.

Liquidity assets reduced to P1.0 billion (2021: P1.4 billion) as the Group managed balance sheet efficiencies in the midst of rising cost of funds. Investment securities constitute bonds and bills used to meet regulatory requirements and secure collateralised debt in certain markets. The Group reduced these holdings to P710 million (2021: P859 million), following retirement of certain securities as the liquidity was utilised to settle expensive funding lines, especially in Ghana.

## Strength in Franchise Deposits

Total deposits decreased by 5% to P1.12 billion (2021: P1.18 billion), with a decrease of 24% corporate deposits to P556 million (2021: P730 million). The retail customer segment, however grew by 27% to P565 million (2021: P445 million). It has been a key focus of the Group to reduce expensive term deposits and focus retail savings and transactional deposits through key strategic partnerships that enhance interoperability and drive scale of the franchise. Despite the increase in policy rates across the markets, the cost of deposits reduced to 12.3% (2021: 13.2%), driven by the shift in the mix of franchise deposits.

# STRATEGIC TRANSFORMATION CONTINUES **TO BE DRIVEN BY 5 CONVERSATIONS**

## 1 Product diversification

### Lending

#### *Deduction at Source ("DAS")*

DAS net loan book values grew 8% year-on-year to P11.3 billion (2021: P10.5 billion). Profit before tax for the segment decreased by 9% to P1.13 billion (2021: P1.24 billion) with revenue decline driven by regional inflation and macro-economic conditions. Namibia grew to be the largest lending book portfolio in the Group, increasing by P401 million (13% Y-o-Y growth) to P3.6 billion (2021: P3.2 billion). Botswana net book grew by 12% to P3.2 billion (2021: P 2.9 billion). Both markets were successful in leveraging data-driven strategies to drive sales growth.

Letshego continues to position the Digital Mall as an efficient omni channel platform for easy loan access. Government and non-government customers are adjusting well to digital access, with Digital Mall activated loans having increased exponentially to P1.3 billion (2021: P49 million). Botswana, Lesotho, Uganda and Eswatini showed the highest growth in customers' transition to digital channels. Continuous enhancements include Credit Scoring methodology, automated processing, collections, sales and recovery optimisation. LetsGo@Work is a proposition that continues to achieve a positive impact with the diversification in products and access channels.

#### *MSE & Programmatic Lending*

The MSE and Programmatic Book increased by 13% year-on-year to P974 million (2021: P859 million). The segment's profit before tax however decreased by 14% to P19 million (2021: P22 million) driven by declines in East and West African market portfolio performance, regional inflationary pressures and currency devaluations.

In 2022 the brand focused on its product diversification strategy by launching products for MSE Working Capital, Purchase Order Financing, Education Solutions and Affordable Housing. Digitisation of Affordable Housing and MSE Purchase Order Financing enabled end-to-end applications via the LetsGo Digital Mall. Strategic partnerships continue to play an important role in extending Letshego's reach and impact in socially and environmentally sustainable commercial products.

#### *Mass Mobile Lending*

The mobile loan book decreased by 26% year-on-year to P421 million (2021: P568 million) impacted by the introduction of a levy on mobile money transfers in Ghana on Telco operators. The process of Telcos re-registering customers required regulatory compliance by November 2022. Ghana has the largest portfolio for Mobile Micro lending in the Group. Eswatini more than doubled its customer base to 330 000 (2021: 130 000), recording respective revenue increases to P25.9 million (2021: P4.5 million). In 2022, the Group launched Mass Mobile loans in Uganda and Botswana. In the first half of 2023, the Group aims to launch in Lesotho, Tanzania, Kenya and Nigeria. Expansion of capability by successfully building and implementing automated credit scoring and digital KYC will support market expansion.

### Savings & Deposits

Savings customer numbers grew 24% to 894 541 by the end of 2022 (2021: 722 921). Namibia launched its new Flexisave digital savings account in the second half facilitating low cost deposit growth. The Group's customers can open digital savings accounts at any time, any place, anywhere with ease and convenience, thereby supporting ongoing deposit mobilisation.

### Insurance

The Group's strategy of providing a comprehensive range of insurance offerings and the introduction of new digital insurance products in key markets helped to drive growth in revenue by 21% year-on-year to P243 million (2021: P201 million). Growth was largely driven by Namibia and Mozambique, with new insurance arrangements growing in Botswana.

In Nigeria and Namibia, the Group focused on developing innovative customer-centric solutions that enable customers to purchase, manage, and access insurance products digitally via the Digital Mall. Tanzania and Kenya are strengthening partnerships with corporates and employers to extend the value and reach of its insurance product through LetsGo@Work solutions.

1 Product Diversification | 2 Digitalisation | 3 Geographic Rebalancing | 4 Enterprise Engine | 5 Sustainable Shareholder Value

### Payments

The volume of card transactions almost doubled to 496 036 (2021: 248 057) with increased card issuance in Namibia, Tanzania and Nigeria. USSD transaction volumes increased by 18% to 171 423 (2021: 145 314) as an increasing number of customers used new products of bill payments and airtime payment solutions in Namibia, Mozambique and Tanzania. Overall, card customers increased by 31% to 110 634 year-on-year (2021: 84 526).

Payment solutions within Letshego's Digital Mall were launched in four countries namely Ghana, Namibia, Rwanda and Nigeria. Mozambique gained a wider choice in payment capabilities with the launch of card as well as inbound remittances. These remittances enable residents of Mozambique to receive funds from Malawi, Zambia and South Africa.

### Lifestyle

The Group is committed to helping its customers improve their lives and make healthier decisions. This year Letshego launched Digital Wellbeing on the LetsGo Digital Mall across nine markets, securing over 25 000 active users to date. There has been good uptake in the offering, with East African markets making up 61% of total active users.

Digital wellness solutions are often more cost-effective than traditional methods. The Group's wellness offering is designed to provide customers with the resources they need to reach their goals and live a healthier, more balanced life. The wellness offering includes a range of services such as nutrition and fitness guidance, mental health, emotional support and healthy lifestyle coaching. During the last quarter of the year, Letshego progressed its doctors' training programme in Kenya. The training comprises virtual telemedicine services, and will facilitate the final launch of digital doctor consultations via the Digital Mall in the second half of 2023.

## 2 Digitalisation

In the year under review, the Group focused on further increasing customer engagement on the Digital Mall, with a view of creating viable products to meet customer needs. The Group extended its core lending product offering on the Digital Mall to nine markets. Affordable Housing was launched in Botswana and Namibia while more individual personal lending products were on offer. Insurance products (short term and long term) are available on the Digital Mall in seven markets augmented by our wellbeing offerings in 9 markets.

The Group continued to focus on digital adoption. 73% of all Letshego loan customers used one form of the Group's digital channels, whilst 22% of loan customers solely used the digital mall for their loan applications by the end of the year.

In 2022 we migrated 205 000 of our traditional channel customers to the digital mall platform and grew our prospective customer base to over 1 million. The Group generated over P206 million revenue from the platform as we continue to increase digital penetration for lower cost of acquisition. Letshego will further continue to focus on monetising our offerings on the digital mall and broaden access with a revamped LetsGo@Work employer and employee proposition, that supports government and non-government sectors.

## 3 Geographic rebalancing

Geographic Rebalancing remains a priority within the Group's Transformation Strategy. Economic headwinds, however, continued to affect the East and West Africa markets to a larger extent than Southern Africa, as increases in reference rates and inflation rates were more pronounced in these markets. According to Fitch forecasts, Rwanda, Uganda, Tanzania and Kenya will experience real GDP growth of 5% or more in 2023 and 2024. With the focus on Turnaround Markets, which primarily incorporate East and West African operations, the Group is on track to turn the businesses around. The appointment of a Regional CEO supported by a competent team will oversee the transition of these businesses. However, while Geographic Rebalancing remains a key strategic conversation for the Group, it will not be pursued at the expense of Shareholder Value. To this end, where transformation is not possible in the shortest possible time, the Group will make quick decisions on exit to prevent a drain on performing subsidiaries.

As announced through the Botswana Stock Exchange on 27 January 2023, the Group communicated its intention to streamline the Tanzania business operations, and take advantage of potential commercial and operational efficiencies to support and promote future business growth and sustainable business returns. Business operations and systems will be streamlined by amalgamating Letshego's two wholly owned Tanzanian subsidiaries, Letshego Bank Tanzania Limited ("LBT") and Letshego Tanzania Limited T/A Faidika ("Faidika"). Through the legislated process of acquisition, LBT will seek to acquire Faidika. All due regulatory notices of intention have been submitted to respective Tanzanian regulators. Conditional approval has been received from the Bank of Tanzania, pending final detailed submissions required.

With new leadership in Nigeria the Group launched the Letsgo payment platform in the new year. This could not have come at a better time with the current cash challenges in the market. This platform will allow customers to make transfers without the need to withdraw cash.

## 4 Enterprise agility & people

In 2022, the Group developed an employee value proposition with a focus on ensuring that a world class employee experience is created for employees and at the same time strengthening the employer brand. In driving the People-First agenda, the Group's theme has also been on driving sustainable employee engagement. Additionally, significant progress has been made towards meeting the objectives of the People First agenda, which focuses on building tomorrows people today. This has been accomplished through sustained focus on rolling out a talent management framework to identify top talent within the organisation, and actively putting in place retention measures for Top Talent within the Group. The Group is proud of its achievement around of diversity, with a 50/50 mix of men and women on the Group Executive Committee.

Other empowerment initiatives include the launch of the LetsGo Digital Mastery Programme in Botswana, which has enrolled both internal and promising external candidates with strong digital skills, fourteen Digital associates have been enrolled onto the program. Leadership development programmes for both Executive and Managerial employees with the Gordon Institute of Business School (GIBS) continued while McKinsey's Black Academy was added to our skills empowerment curricula for regional top talent to secure unique global expertise. Coursera, the Group's digital learning portal, continues to offer all employees access to over 4 000 globally accredited training and skill enhancing curricula. A total of 22 627 learning hours was achieved across the Group giving an average of 13 learning hours per employee.

Increasing focus on our ways of working is a continued priority for all subsidiaries across the Group to align along a common Letshego culture of delivery and productivity. The operations of three subsidiaries have been reoriented along Value Streams in 2022 with positive results for the business, while the remaining subsidiaries will be transitioned in 2023.

Good progress has been made to define and migrate toward a new Target Operating Model. The Group has achieved 62% automation along its lending value stream with a 24.3% increase in Operational Productivity, although down slightly from the gains achieved in the previous year. Close to 100 000 man hours have been saved to date across various areas of the business through the automation of manual back-end processes. This has contributed to a steady reduction of over 18% in turn-around-time for individual lending. These improvements have further led to reduced errors and rework in the processing of loans and have positioned the Group for up to 20% reductions in operational costs for 2023.

Over 1 000 employees across the Group have been trained on Lean and Agile Fundamentals while SAFe (Scaled Agile Framework) certifications continue to increase for Agile Coaches, Scrum Masters and Product Managers.

## 5 Sustainable shareholder value

The Group's Return on Equity (ROE) ended the year at 8% (2021: 14%), affected by margin shrinkage and high interest expense which impacted total operating income. Return on assets in turn, declined to 3% (2021:5%). The Group's dividend payout ratio for the year was 71%, up from the 50% usually paid by the Group. This was paid out of current year profits to maintain the same dividend value paid out in 2021 and in recognition of the effect of inflation on dividends and the lower performance of the Group.

Fit for Growth and Turnaround Markets have clear KPIs on which they will be measured for the decision to be made on whether operations continue. Although ROE was impacted by the adverse macro-economic conditions in 2022, the Group believes that the strategies to grow each business, or exit, will yield results.

We continue to work closely with governments to drive financial inclusion. We have enjoyed tremendous support from our shareholders, regulators and funders as well as our partners and suppliers.

### Measuring our Social Impact across regional communities

Within Letshego's ESG (Environmental & Social Governance) Framework, the Group is leveraging a number of tools to track customer sentiment and social impact. In 2022, Letshego recruited the expertise of international impact survey partners '60Decibels' to gauge whether the Group is truly delivering on its purpose to improve lives across its 11 markets.

Having conducted in-person surveys with Letshego customers across all 11 markets, 60Decibels' findings have affirmed that Letshego is indeed improving lives. 85% of Letshego customers have reported improvements in their quality of life, many stating they can now afford their own home or property thanks to Letshego's support. 2 out of 5 customers say their income has increased and 88% of customers confirm they trust Letshego with their money, with 79% agreeing that Letshego provides full transparency on fees and terms. In line with the Group's commitment to help customers manage affordability levels, over half of our customers confirmed that they find their Letshego loans manageable, and 3 in 5 customers feel they can face emergency expenses thanks to Letshego making it easier for them to save.

### Improving lives

82% Report quality of life improvements; 37% say its "very much improved"

43% Report increase in their business income

55% Say repayment isnot "a problem" and 63% have never had to cut back consumption to repay

### Customer sentiment

82% Trust Letshego with their money

86% Say Letshego treats clients in a fair manner

83% Agree that Letshego puts the interest of the customer first.

79% Agree that Letshego has full transparency about its fees

### Creating a savings culture

67% report improved ablility to save

56% report improved ablility to face a major expense

# OUTLOOK

From a macro-economic perspective, 2023-24 remains fluid for most of our presence countries. Short term economic factors remain pressured, as our footprint markets continue to be impacted by economic trends in the global markets. Internationally, risks of recessions remains on the cards for this year.

To mitigate downside environmental and economic risks, Letshego continues to monitor economic trends, and execute regular stress testing. The Group continues to implement strategic measures in product structuring and affordability criteria to fine-tune eligible customer segments that show greater stability – while still delivering on our purpose to support underbanked populations, extending the reach of inclusive finance to achieve social and sustainable change.

2023 sees the commencement of "Plan 5", our second and final phase within the 6-2-5 execution roadmap for Letshego's journey to 2025. The Group remains on track to achieve its long term objectives, having made the investment into digital and having built capacity in line with its people-first commitment.

The Group's intensified country performance strategy, under the Fit for Growth and Turnaround Markets is set to restore business momentum and fulfill the Geographic Rebalancing conversation.

Letshego's strategy remains consistent. Strong business fundamentals, technology platforms and expert knowledge invested and grown over the last 24 months must now deliver and enable the tangible business potential and stakeholder returns plotted on the launch of the Transformation Plan. Plan 5 sees the delivery of measurable outputs and returns from the structured investment concluded in technology, digitisation, people and architecture.

# AUDITORS' REVIEW

The condensed financial statements from which the financial information is set out in this announcement has been reviewed but not audited by Ernst & Young, Letshego Group's external auditors. Their review report is available for inspection at the Group's registered office.

# DIVIDEND NOTICE

Notice is hereby given that the Board has declared a final dividend of 9.7 thebe per share for the period ended 31 December 2022. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 10% or any other currently enacted tax rate will be deducted from the dividend for the year ended 31 December 2022.

*Important dates pertaining to this dividend are:*

- Declaration date: 28 February 2023
- Therefore, the shares go ex-dividend from 12 June 2023
- Last date to register (LDR) is 14 June 2023
- Dividend payment date on or about, 26 June 2023

For and on behalf of the Board of Directors:

**Philip Odera**
*Group Chairman*

2 March 2023

**Aobakwe Aupa Monyatsi**
*Group Chief Executive*

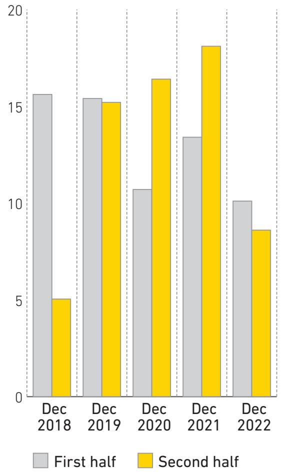
2 March 2023


Letshego

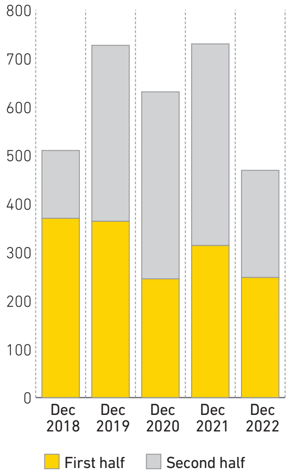
# RATIOS

| | 31 Dec 2022 (Reviewed) | 31 Dec 2021 (Audited) |
|---|---|---|
| Return on average assets (%) | 3 | 5 |
| Return on average equity (%) | 8 | 14 |
| Cost to income ratio (%) | 63 | 52 |
| Debt to equity ratio (%) | 142 | 145 |

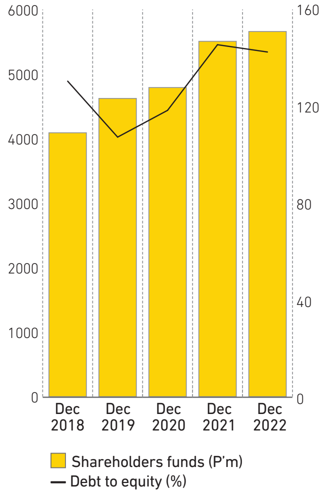
BASIC EARNING PER SHARE (%)



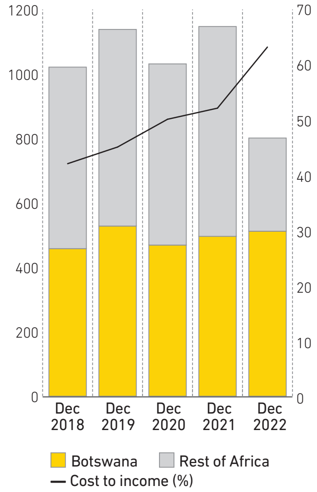

PROFIT AFTER TAX (P'm)



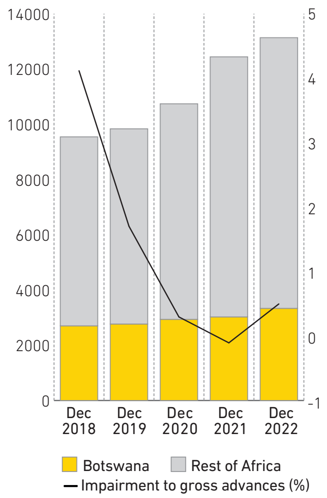

SHAREHOLDERS' FUNDS:
DEBT TO EQUITY



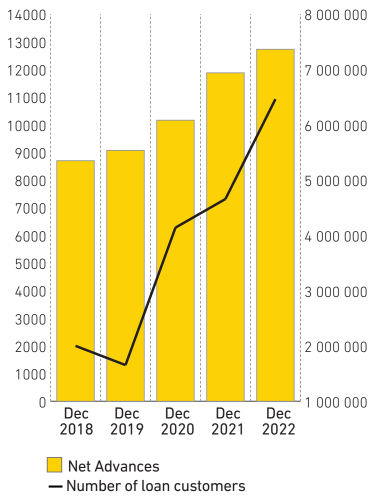

GEOGRAPHIC DIVERSIFICATION
AND PBT TO COST TO INCOME RATIO




GROSS ADVANCES
AND IMPAIRMENT

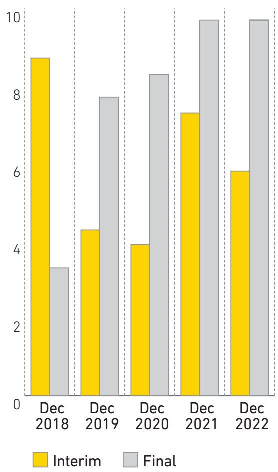



NET ADVANCES AND
NUMBER OF CUSTOMERS

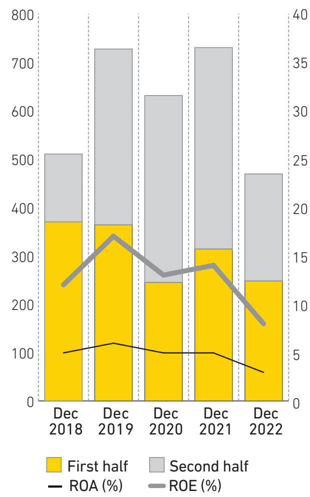



* The above excludes mobile customers

DIVIDEND PER SHARE
(THEBE)




ROA vs ROE vs PAT



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 31 Dec 2022 (Reviewed) P'000 | 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and similar instruments | 1 | 1 020 771 | 1 413 500 |
| Investment securities | 2 | 692 101 | 859 496 |
| Financial assets at fair value through profit or loss | 3 | 1 178 969 | 826 092 |
| Advances to customers | 4 | 12 727 475 | 11 875 595 |
| Other receivables | 5 | 479 533 | 413 411 |
| Financial assets at fair value through OCI | | 43 107 | 71 499 |
| Income tax receivable | | 81 454 | 134 767 |
| Property and equipment | 6 | 116 761 | 172 822 |
| Right-of-use assets | 7 | 101 654 | 98 756 |
| Intangible assets | 8 | 305 798 | 30 040 |
| Goodwill | 9 | 31 910 | 67 715 |
| Deferred tax assets | | 129 083 | 95 748 |
| **Total assets** | | **16 908 616** | **16 059 441** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| Financial liabilities at fair value through profit or loss | 10 | 1 201 095 | 808 621 |
| Customer deposits | 11 | 1 120 827 | 1 175 586 |
| Cash collateral | 12 | 18 476 | 21 522 |
| Income tax payable | | 68 426 | 96 268 |
| Trade and other payables | 13 | 715 490 | 965 860 |
| Lease liabilities | 14 | 97 953 | 99 646 |
| Borrowings | 15 | 8 027 840 | 7 380 768 |
| Deferred tax liabilities | | 339 | 5 168 |
| **Total liabilities** | | **11 250 446** | **10 553 439** |
| **Shareholders' equity** | | | |
| Stated capital | 16 | 899 571 | 882 224 |
| Foreign currency translation reserve | | (492 653) | (557 341) |
| Legal reserve | | 313 780 | 265 244 |
| Fair value adjustment reserve | | (13 144) | 15 248 |
| Share based payment reserve | | 42 474 | 39 907 |
| Retained earnings | | 4 442 209 | 4 421 568 |
| **Total equity attributable to equity holders of the parent company** | | **5 192 237** | **5 066 850** |
| Non-controlling interests | | 465 933 | 439 152 |
| **Total shareholders' equity** | | **5 658 170** | **5 506 002** |
| **Total liabilities and equity** | | **16 908 616** | **16 059 441** |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 12 months ended 31 Dec 2022 (Reviewed) P'000 | 12 months ended 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| Interest income at effective interest rate | 17 | 3 145 672 | 3 110 511 |
| Interest expense at effective interest rate | 18 | (1 376 678) | (1 119 108) |
| Other interest expense | 18.1 | (12 524) | (14 930) |
| **Net interest income** | | **1 756 470** | **1 976 473** |
| Fee and commission income | 19 | 89 554 | 83 681 |
| Other operating income | 20 | 439 803 | 286 604 |
| **Operating income** | | **2 285 827** | **2 346 758** |
| Expected credit losses | 21 | (98 706) | 17 196 |
| **Net operating income** | | **2 187 121** | **2 363 954** |
| Employee costs | 22 | (585 939) | (546 241) |
| Other operating expenses | 23 | (799 927) | (670 969) |
| **Profit before taxation** | | **801 255** | **1 146 744** |
| Taxation | | (332 311) | (417 243) |
| **Profit for the year** | | **468 944** | **729 501** |
| **Attributable to :** | | | |
| Equity holders of the parent company | | 401 903 | 671 554 |
| Non-controlling interests | | 67 041 | 57 947 |
| **Profit for the year** | | **468 944** | **729 501** |
| **Other comprehensive income, net of tax** | | | |
| **Items that may be subsequently reclassified to profit or loss:** | | | |
| Fair value (loss)/gain on financial asset designated at fair value through other comprehensive income | | (28 392) | 9 431 |
| Foreign currency translation differences arising from foreign operations | | 75 425 | 329 824 |
| **Total comprehensive income for the year** | | **515 977** | **1 068 756** |
| **Attributable to :** | | | |
| Equity holders of the parent company | | 438 199 | 1 009 317 |
| Non-controlling interests | | 77 778 | 59 439 |
| **Total comprehensive income for the year** | | **515 977** | **1 068 756** |
| Weighted average number of shares in issue during the year (millions) | | 2 147 | 2 134 |
| Dilution effect - number of shares (millions) | | 133 | 149 |
| Number of shares in issue at the end of the year (millions) | | 2 149 | 2 144 |
| Basic earnings per share (thebe) | | 18.7 | 31.5 |
| **Fully diluted earnings per share (thebe)** | | 17.6 | 29.4 |

**Note:** The diluted EPS has been calculated based on the total number of shares that may vest in terms of the Group's long term staff incentive scheme.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 31 Dec 2022 (Reviewed) P'000 | Year ended 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **801 255** | **1 146 744** |
| *Adjustments for :* | | | |
| – Interest income at effective interest rate | | **(3 145 672)** | (3 110 511) |
| – Interest expense | | **1 389 202** | 1 134 038 |
| – Amortisation, depreciation, right of use assets and disposals | | **90 029** | 98 681 |
| – Impairment and write off charge - advances | | **245 249** | 161 121 |
| – Impairment and write off charge - treasury bonds | | **36 027** | – |
| Movement in working capital and other changes | | **(1 237 414)** | **(1 484 674)** |
| Cash used in operations | | **(1 821 324)** | **(2 054 601)** |
| Interest received | | **3 145 672** | 3 110 511 |
| Interest paid | | **(1 376 678)** | (1 119 108) |
| Income tax paid | | **(345 004)** | (422 607) |
| Net cash flows used in operating activities | | **(397 334)** | **(485 805)** |
| **INVESTING ACTIVITIES** | | | |
| Purchase of treasury bonds | | **–** | (859 496) |
| Proceeds from disposal of treasury bills and bonds | | **131 370** | – |
| Purchase of property and equipment | | **(71 520)** | (112 908) |
| Purchase of intangible assets | | **(222 531)** | (2 926) |
| Net cash flows used in investing activities | | **(162 681)** | **(975 330)** |
| **FINANCING ACTIVITIES** | | | |
| Dividends paid to equity holders and subsidiary non-controlling interest | | **(383 723)** | (370 997) |
| Repayment of principal portion of lease liabilities | | **(45 997)** | (48 039) |
| Repayment of interest portion of lease liabilities | | **(12 524)** | (14 930) |
| **Finance obtained from third parties** | | **3 425 610** | 2 817 052 |
| Repayment of borrowings | | **(2 778 539)** | (636 976) |
| Net cash flows generated from financing activities | | **204 827** | **1 746 110** |
| Net movement in cash and similar instruments | | **(355 188)** | 284 975 |
| Cash and similar instruments at the beginning of the year | | **1 355 294** | 986 534 |
| Effect of exchange rate changes on cash and similar instruments | | **(5 524)** | 83 785 |
| **Cash and similar instruments at the end of the year** | 1 | **994 582** | **1 355 294** |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Stated capital P'000 | Retained earnings P'000 | Share based payment reserve P'000 |
|---|---|---|---|
| **Balance at 1 January 2021** | **872 169** | **4 133 314** | **31 295** |
| **Total comprehensive income for the year** | | | |
| Profit for the year | – | 671 554 | – |
| **Other comprehensive income, net of income tax** | | | |
| Other comprehensive income | – | – | – |
| Foreign currency translation reserve | – | – | – |
| **Transactions with owners, recorded directly in equity** | | | |
| Allocation to legal reserve | – | (50 409) | – |
| Recognition of share based payment reserve movement | – | – | 18 667 |
| New shares issued from long term incentive scheme | 10 055 | – | (10 055) |
| Dividends paid by subsidiary to minority interests | – | – | – |
| Dividends paid to equity holders | – | (332 891) | – |
| **Balance at 31 December 2021 – Audited** | **882 224** | **4 421 568** | **39 907** |
| **Total comprehensive income for the year** | | | |
| Profit for the year | – | 401 903 | – |
| **Other comprehensive income, net of income tax** | | | |
| Other comprehensive income | – | – | – |
| Foreign currency translation reserve | – | – | – |
| **Transactions with owners, recorded directly in equity** | | | |
| Allocation to legal reserve | – | (48 536) | – |
| Recognition of share based payment reserve movement | – | – | 19 914 |
| New shares issued from long term incentive scheme | 17 347 | – | (17 347) |
| Dividends paid by subsidiary to minority interests | – | – | – |
| Dividends paid to equity holders | – | (332 726) | – |
| **Balance at 31 December 2022 – Reviewed** | **899 571** | **4 442 209** | **42 474** |

| Fair value reserve of financial assets at FVOCI P'000 | Foreign currency translation reserve P'000 | Legal reserve P'000 | Non-controlling interest P'000 | Total P'000 |
|---|---|---|---|---|
| **5 817** | **(885 673)** | **214 835** | **417 819** | **4 789 576** |
| | | | | |
| – | – | – | 57 947 | 729 501 |
| | | | | |
| 9 431 | – | – | – | 9 431 |
| – | 328 332 | – | 1 492 | 329 824 |
| | | | | |
| – | – | 50 409 | – | – |
| – | – | – | – | 18 667 |
| – | – | – | – | – |
| – | – | – | (38 106) | (38 106) |
| – | – | – | – | (332 891) |
| **15 248** | **(557 341)** | **265 244** | **439 152** | **5 506 002** |
| | | | | |
| – | – | – | 67 041 | 468 944 |
| | | | | |
| (28 392) | – | – | – | (28 392) |
| – | 64 688 | – | 10 737 | 75 425 |
| | | | | |
| – | – | 48 536 | – | – |
| – | – | – | – | 19 914 |
| – | – | – | – | – |
| – | – | – | (50 997) | (50 997) |
| – | – | – | – | (332 726) |
| **(13 144)** | **(492 653)** | **313 780** | **465 933** | **5 658 170** |

# SEGMENTAL REPORTING

The Group's geographical operating segments are reported below:

| **Reportable segments 31 December 2022** | **Botswana P'000** | **Namibia P'000** | **Mozambique P'000** | **Lesotho P'000** | **Eswatini P'000** |
|---|---|---|---|---|---|
| **Operating income** | **710 990** | **565 913** | **444 404** | **81 908** | **108 284** |
| **Profit / (loss) before taxation** | **521 325** | **322 431** | **231 527** | **56 363** | **70 072** |
| Taxation – consolidated | | | | | |
| **Profit – consolidated** | | | | | |
| Gross advances to customers | 3 335 195 | 3 605 877 | 2 094 444 | 430 432 | 564 812 |
| Impairment provisions | (75 962) | (36 496) | (55 658) | (7 088) | (24 277) |
| **Net advances** | **3 259 233** | **3 569 381** | **2 038 786** | **423 344** | **540 535** |
| **Total assets** | **4 071 814** | **4 321 279** | **1 496 544** | **225 178** | **464 014** |
| **Borrowings** | **1 802 404** | **1 895 734** | **259 818** | **62 670** | **221 105** |
| **Total liabilities** | **2 423 918** | **2 486 490** | **896 555** | **76 732** | **236 096** |

| **Reportable segments 31 December 2021** | Botswana P'000 | Namibia P'000 | Mozambique P'000 | Lesotho P'000 | Eswatini P'000 |
|---|---|---|---|---|---|
| **Operating income** | **679 180** | **539 233** | **415 987** | **89 917** | **88 414** |
| **Profit / (loss) before taxation** | **495 615** | **331 030** | **284 717** | **47 613** | **30 103** |
| Taxation – consolidated | | | | | |
| **Profit – consolidated** | | | | | |
| Gross advances to customers | 3 026 111 | 3 198 250 | 1 789 702 | 352 248 | 527 761 |
| Impairment provisions | (106 595) | (34 463) | (19 350) | (21 680) | (39 191) |
| **Net advances** | **2 919 516** | **3 163 787** | **1 770 352** | **330 568** | **488 570** |
| **Total assets** | **3 363 272** | **4 087 930** | **2 074 472** | **384 151** | **522 744** |
| **Borrowings** | **1 389 936** | **1 488 326** | **269 826** | **77** | **138 240** |
| **Total liabilities** | **1 688 902** | **1 957 440** | **901 509** | **9 395** | **148 063** |

| Kenya P'000 | Rwanda P'000 | Uganda P'000 | Tanzania P'000 | Nigeria P'000 | Ghana P'000 | Holding company or eliminations P'000 | Total P'000 |
|---|---|---|---|---|---|---|---|
| **107 757** | **19 948** | **158 278** | **154 456** | **81 632** | **207 446** | **(355 189)** | **2 285 827** |
| **21 583** | **1 764** | **47 313** | **20 534** | **23 492** | **31 462** | **546 611** | **801 255** |
| | | | | | | | (332 311) |
| | | | | | | | **468 944** |
| 635 150 | 150 069 | 535 146 | 469 824 | 203 061 | 1 107 850 | – | 13 131 860 |
| (42 764) | (4 708) | (27 077) | (58 200) | (22 717) | (49 438) | – | (404 385) |
| **592 386** | **145 361** | **508 069** | **411 624** | **180 344** | **1 058 412** | **–** | **12 727 475** |
| **538 578** | **24 572** | **420 589** | **470 342** | **15 191** | **1 117 813** | **3 742 702** | **16 908 616** |
| **394 747** | **–** | **322 640** | **–** | **–** | **686 142** | **2 382 580** | **8 027 840** |
| **435 978** | **53 927** | **333 271** | **67 938** | **58 006** | **1 068 194** | **3 113 341** | **11 250 446** |

| Kenya P'000 | Rwanda P'000 | Uganda P'000 | Tanzania P'000 | Nigeria P'000 | Ghana P'000 | Holding company and eliminations P'000 | Total P'000 |
|---|---|---|---|---|---|---|---|
| **139 549** | **8 604** | **159 363** | **143 836** | **73 916** | **233 885** | **(225 126)** | **2 346 758** |
| **149 352** | **361** | **52 915** | **15 171** | **6 252** | **95 968** | **(362 353)** | **1 146 744** |
| | | | | | | | (417 243) |
| | | | | | | | **729 501** |
| 666 612 | 59 648 | 478 787 | 467 618 | 174 259 | 1 698 304 | – | 12 439 300 |
| (49 056) | (3 063) | (30 682) | (49 632) | (30 784) | (179 209) | – | (563 705) |
| **617 556** | **56 585** | **448 105** | **417 986** | **143 475** | **1 519 095** | **–** | **11 875 595** |
| **774 337** | **87 122** | **503 703** | **589 318** | **178 903** | **2 312 965** | **1 180 524** | **16 059 441** |
| **404 207** | **–** | **201 042** | **–** | **–** | **1 246 823** | **2 242 291** | **7 380 768** |
| **463 386** | **26 322** | **216 161** | **79 702** | **63 803** | **2 074 245** | **2 924 511** | **10 553 439** |

# SEGMENTAL REPORTING (continued)
For the year ended 31 December 2022

## DISAGGREGATED REVENUE INFORMATION

| **Reportable segments 31 December 2022** | Botswana P'000 | Namibia P'000 | Mozambique P'000 | Lesotho P'000 | Eswatini P'000 |
|---|---|---|---|---|---|
| Interest income at effective interest rate | 756 665 | 504 165 | 558 649 | 102 964 | 133 886 |
| Interest expense at effective interest rate | (167 656) | (160 660) | (170 734) | (12 091) | (28 525) |
| Other interest expense | (2 000) | (526) | (2 579) | (1 225) | (544) |
| Net interest income | 587 009 | 342 979 | 385 336 | 89 648 | 104 817 |
| Fee and commission income | (2) | 34 906 | 16 416 | – | – |
| Other operating income | 123 983 | 188 028 | 42 652 | (7 740) | 3 467 |
| **Operating income** | **710 990** | **565 913** | **444 404** | **81 908** | **108 284** |

| **Reportable segments 31 December 2021** | Botswana P'000 | Namibia P'000 | Mozambique P'000 | Lesotho P'000 | Eswatini P'000 |
|---|---|---|---|---|---|
| Interest income at effective interest rate | 711 832 | 453 990 | 507 471 | 117 931 | 107 812 |
| Interest expense at effective interest rate | (125 822) | (90 842) | (138 165) | (22 756) | (29 604) |
| Other interest expense | (12 161) | (64) | (3 026) | (5 342) | (1 170) |
| Net interest income | 573 849 | 363 084 | 366 280 | 89 833 | 77 038 |
| Fee and commission income | – | 4 778 | 28 439 | – | – |
| Other operating income | 105 331 | 171 371 | 21 268 | 84 | 11 376 |
| **Operating income** | **679 180** | **539 233** | **415 987** | **89 917** | **88 414** |

| | Kenya P'000 | Rwanda P'000 | Uganda P'000 | Tanzania P'000 | Nigeria P'000 | Ghana P'000 | Holding company and eliminations P'000 | Total P'000 |
|---|---|---|---|---|---|---|---|---|
| | 147 381 | 24 411 | 193 550 | 136 662 | 85 379 | 654 527 | (152 567) | 3 145 672 |
| | (60 465) | (8 693) | (39 492) | (514) | (5 090) | (540 692) | (182 066) | (1 376 678) |
| | (1 491) | (285) | (303) | (105) | – | (500) | (2 966) | (12 524) |
| | 85 425 | 15 433 | 153 755 | 136 043 | 80 289 | 113 335 | (337 599) | 1 756 470 |
| | 8 966 | 1 994 | – | 395 | 1 098 | 25 699 | 82 | 89 554 |
| | 13 366 | 2 521 | 4 523 | 18 018 | 245 | 68 412 | (17 672) | 439 803 |
| | **107 757** | **19 948** | **158 278** | **154 456** | **81 632** | **207 446** | **(355 189)** | **2 285 827** |

| | Kenya P'000 | Rwanda P'000 | Uganda P'000 | Tanzania P'000 | Nigeria P'000 | Ghana P'000 | Holding company and eliminations P'000 | Total P'000 |
|---|---|---|---|---|---|---|---|---|
| | 171 827 | 10 591 | 182 005 | 130 193 | 76 960 | 750 534 | (110 635) | 3 110 511 |
| | (55 786) | (2 186) | (34 620) | (612) | (3 913) | (546 625) | (68 177) | (1 119 108) |
| | (1 293) | (792) | 7 769 | 3 547 | 313 | (9 164) | 6 453 | (14 930) |
| | 114 748 | 7 613 | 155 154 | 133 128 | 73 360 | 194 745 | (172 359) | 1 976 473 |
| | 12 050 | 269 | – | 139 | 556 | 37 450 | – | 83 681 |
| | 12 751 | 722 | 4 209 | 10 569 | – | 1 690 | (52 767) | 286 604 |
| | **139 549** | **8 604** | **159 363** | **143 836** | **73 916** | **233 885** | **(225 126)** | **2 346 758** |

# NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | At 31 Dec 2022 (Reviewed) P'000 | At 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| 1 | **CASH AND SIMILAR INSTRUMENTS** | | |
| | Cash at bank and in hand | 779 699 | 1 217 269 |
| | Statutory cash reserve | 26 189 | 58 206 |
| | Short term investments | 214 883 | 138 025 |
| | | **1 020 771** | **1 413 500** |
| | **Cash and similar instruments for the purpose of the statement of cash flows** | **994 582** | **1 355 294** |
| 2 | **INVESTMENT IN SECURITIES** | | |
| | Government and Corporate bonds: 2 – 5 year fixed rate notes | 703 604 | 832 116 |
| | Government and Corporate bonds: Above 5 year fixed rate notes | 24 524 | 27 380 |
| | | **728 128** | **859 496** |
| | Less : Expected credit losses | (36 027) | – |
| | | **692 101** | **859 496** |

Treasury bonds are classified as financial assets measured at amortised cost as the business model is to hold financial assets to collect contractual cash flows, representing solely payments of principal and interest. These were issued by the central bank, government and corporates in Ghana and Namibia. The expected credit loss for the instruments held in Namibia were assessed to be insignificant at the reporting date.

In light of economic challenges currently being faced in Ghana, the government announced a Domestic Debt Exchange Program (the GDDXP) in December 2022, which involved an invitation to holders of domestic notes and bonds to exchange these for a set of four new bond issuances maturing in 2027, 2029, 2032 and 2037. The government of Ghana however, did not make any pronouncements to the market concerning US dollar denominated bonds, apart from indicating an intention to restructure these in the future. On the 19 December 2022, Letshego Ghana submitted an exchange offer to the government of Ghana, whereby domestic bonds with a principal and unpaid accrued interest value amounting to the equivalent of P41.3 million were offered to be exchanged for the new bonds. The settlement date when the Republic of Ghana issued the new bonds to eligible holders was the 21 February 2023. At 31 December 2022, the old bonds were considered to be "credit-impaired" and expected credit losses of P12.5 million (2021: nil) were computed and recognised.

Although a restructure of US dollar denominated bonds is yet to occur, Letshego Ghana, which held bonds amounting to the equivalent of P196.4 million at the reporting date conducted an ECL assessment on the USD denominated bonds. Following the assessment, expected credit losses of the equivalent of P23.5 million were recognised in light of the repayment of these instruments being likely to be affected by the government of Ghana's current financial challenges.

| | | | |
|---|---|---|---|
| 3 | **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| | Cross currency swaps | **1 178 969** | **826 092** |

This relates to short-term foreign currency swap arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure on currency risk. These were translated using reporting date exchange rates to reflect the changes in foreign currencies. The related financial liability at fair value through profit or loss is in Note 10.

| | | | |
|---|---|---|---|
| 4 | **ADVANCES TO CUSTOMERS** | | |
| | Gross advances to customers | 13 131 860 | 12 439 300 |
| | Less : Expected credit losses | (404 385) | (563 705) |
| | – Stage 1 | (164 479) | (130 813) |
| | – Stage 2 | (42 597) | (110 193) |
| | – Stage 3 | (197 309) | (322 699) |
| | **Net advances to customers** | **12 727 475** | **11 875 595** |

| | At 31 Dec 2022 (Reviewed) P'000 | At 31 Dec 2021 (Audited) P'000 |
|---|---|---|
| **5 OTHER RECEIVABLES** | | |
| Deposits and prepayments | 74 304 | 89 437 |
| Receivable from insurance arrangements | 316 000 | 269 544 |
| Withholding tax and value added tax | 992 | 880 |
| Deferred arrangement fees | 33 173 | 29 767 |
| Settlement and clearing accounts | 47 030 | 19 742 |
| Other receivables | 8 034 | 4 041 |
| | **479 533** | **413 411** |

**6 PROPERTY AND EQUIPMENT**

| | Carrying amount at 01 Jan 2022 | Additions | Transfers | Disposal and written off | Depreciation charge | Forex translation | **Carrying amount at 31 Dec 2022** |
|---|---|---|---|---|---|---|---|
| Motor vehicles | 5 309 | 4 246 | – | – | (3 204) | (331) | 6 020 |
| Computer equipment | 25 721 | 30 604 | – | – | (20 759) | (7 932) | 27 634 |
| Office furniture and equipment | 30 201 | 20 481 | 28 011 | – | (12 943) | (1 063) | 64 687 |
| Land and building | 16 887 | – | - | – | – | 1 533 | 18 420 |
| Work in progress | 94 704 | 16 189 | (110 893) | – | – | – | – |
| | **172 822** | **71 520** | **(82 882)** | **–** | **(36 906)** | **(7 793)** | **116 761** |

**7 RIGHT–OF–USE ASSETS**

| | Carrying amount at 01 Jan 2022 | Additions | Modifications | Disposal and written off | Depreciation charge | Forex translation | **Carrying amount at 31 Dec 2022** |
|---|---|---|---|---|---|---|---|
| Property | 98 756 | 42 803 | – | | (41 407) | 1 502 | 101 654 |
| | **98 756** | **42 803** | **–** | | **(41 407)** | **1 502** | **101 654** |

**8 INTANGIBLE ASSETS**

| | Carrying amount at 01 Jan 2022 | Additions | Transfers | Disposal | Amortisation charge | Forex translation | **Carrying amount at 31 Dec 2022** |
|---|---|---|---|---|---|---|---|
| Computer software | 27 892 | 3 117 | 51 | – | (10 776) | (1 622) | 18 662 |
| Brand value | 826 | – | – | – | (330) | (93) | 403 |
| Core deposit | 1 322 | – | – | – | (610) | (92) | 620 |
| Work in progress | – | 219 414 | 66 699 | – | – | – | 286 113 |
| | **30 040** | **222 531** | **66 750** | **–** | **(11 716)** | **(1 807)** | **305 798** |

## 9 GOODWILL

| | At 31 Dec 2022 (Reviewed) P'000 | At 31 Dec 2021 (Audited) P'000 |
|---|---|---|
| **Goodwill arose on the acquisition of:** | | |
| Letshego Holdings Namibia Limited | 22 958 | 22 537 |
| Letshego Tanzania Limited | 2 221 | 2 066 |
| Letshego Kenya Limited | – | 32 885 |
| AFB Ghana Plc | 6 731 | 10 227 |
| | **31 910** | **67 715** |

The Group performs its impairment test annually. The Group assesses the recoverable amount of goodwill in respect of all cash generating units in order to determine indications of impairment. The key assumptions used to determine the recoverable amount for the different cash generating units are projected cash flows, pre-tax discount rates and a growth rate to extrapolate any cash flows anticipated beyond a 5 year period. Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. An assessment was done at year end using the respective entities value-in-use to determine recoverable amount and there were no indications of impairment for the above cash generating units, apart from Letshego Kenya Limited. The Group has embarked on a significant repositioning of its business in Kenya, whereby the entity will shift its focus to growing a predominantly Deduction-at-Source (DAS) and Instant Loans book, with significant leverage on the digital platform that the Group is currently developing. Prior to this, the entity in Kenya was more involved in servicing the medium-to-small enterprise (MSE) sector, and this will be scaled down in a concerted manner to pave way for the new business model. The projected cash flows for the entity were updated to reflect the relatively longer period in which the new business model could take to begin to generate cash flows in excess of the historical performance of the former business. As a result of the assessment, management decided to be recognise an impairment charge against the carrying amount of the entire goodwill in the entity, which was previously measured at P32.9 million. This was following management taking note that the goodwill that was in place was recognised when the underlying entity in Kenya was acquired in 2012 and although the new business model that the subsidiary is embarking on has been successful for the Group in other markets, management decided to be prudent and acknowledge the business challenges that could come about from replicating the model in a new market. In the assumptions for the value-in-use, management used a discount rate of 29% and a growth rate of 5% to project cash flows beyond 5 years and arrive at the discounted cash flows of the business.

| | | 2022 | 2021 |
|---|---|---|---|
| **10** | **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| | Cross currency swap (note 3) | **1 201 095** | **808 621** |
| **11** | **CUSTOMER DEPOSITS** | | |
| | Demand accounts | 60 904 | 38 501 |
| | Savings accounts | 422 290 | 395 319 |
| | Call and term deposits | 637 633 | 741 766 |
| | | **1 120 827** | **1 175 586** |
| **12** | **CASH COLLATERAL** | | |
| | Cash collateral on loans and advances | **18 476** | **21 522** |

Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default.

| | | At 31 Dec 2022 (Reviewed) P'000 | At 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| **13** | **TRADE AND OTHER PAYABLES** | | |
| | Insurance premium payable | 185 981 | 142 839 |
| | Payroll related accruals | 23 662 | 14 400 |
| | Staff incentive accrual | 74 300 | 87 888 |
| | Other provisions | 20 272 | 29 295 |
| | Guarantee funds | 318 691 | 546 039 |
| | Trade and other payables | 73 407 | 124 493 |
| | Value added tax / withholding tax payable | 19 177 | 20 906 |
| | | **715 490** | **965 860** |
| **14** | **LEASE LIABILITIES** | | |
| | Lease liability | **97 953** | **99 646** |
| **15** | **BORROWINGS** | | |
| | Commercial banks | 4 283 243 | 3 015 603 |
| | Note programmes | 1 677 771 | 2 070 285 |
| | Development financial institutions | 2 066 826 | 2 294 880 |
| | **Total borrowings** | **8 027 840** | **7 380 768** |
| **16** | **STATED CAPITAL** | | |
| | Issued: 2,149,114,056 ordinary shares of no par value (2021: 2,144,045,175) of which 3,989,970 shares (2021: 9,222,720) are held as treasury shares | **899 571** | **882 224** |
| **17** | **INTEREST INCOME AT EFFECTIVE INTEREST RATE** | | |
| | Advances to customers | 2 620 123 | 2 588 409 |
| | Interest income on risk informal / mobile loans | 96 874 | 92 879 |
| | Interest income on non-risk informal / mobile loans | 349 122 | 387 166 |
| | Interest income from deposits with banks, including investment securities | 79 553 | 42 057 |
| | | **3 145 672** | **3 110 511** |
| **18** | **INTEREST EXPENSE AT EFFECTIVE INTEREST RATE** | | |
| | Overdraft facilities and term loans | 1 027 556 | 731 942 |
| | Interest expense on non-risk informal / mobile loans | 349 122 | 387 166 |
| | | **1 376 678** | **1 119 108** |
| **18.1** | **Other interest expense** | | |
| | Interest expense on leases | **12 524** | 14 930 |
| **19** | **FEE AND COMMISSION INCOME** | | |
| | Administration fees - lending | 83 979 | 68 310 |
| | Credit life insurance commission | 5 575 | 15 371 |
| | | **89 554** | **83 681** |

| | | 12 months ended 31 Dec 2022 (Reviewed) P'000 | 12 months ended 31 Dec 2021 (Audited) P'000 |
|---|---|---|---|
| **20** | **OTHER OPERATING INCOME** | | |
| | Early settlement fees | 60 248 | 53 805 |
| | Income from insurance arrangements | 243 496 | 200 664 |
| | Mark-to-market gain on foreign currency swaps | 8 210 | 13 226 |
| | Net foreign exchange gain | 90 696 | 2 361 |
| | Sundry income | 37 153 | 16 548 |
| | | **439 803** | **286 604** |
| **21** | **EXPECTED CREDIT LOSSES** | | |
| | Amounts written off, net of recoveries | (221 999) | 2 914 |
| | Expected credit losses reversed during the year | (123 293 | 14 282 |
| | | **(98 706)** | **17 196** |
| **22** | **EMPLOYEE COSTS** | | |
| | Salaries and wages | 454 637 | 411 292 |
| | Staff incentive | 61 734 | 74 905 |
| | Staff recruitment costs | 1 096 | 1 861 |
| | Staff pension fund contribution | 38 282 | 31 538 |
| | Directors' remuneration – for management services (executive) | 10 276 | 7 978 |
| | Long term incentive plan | 19 914 | 18 667 |
| | | **585 939** | **546 241** |

| | 12 months ended 31 Dec 2022 (Reviewed) P'000 | 12 months ended 31 Dec 2021 (Audited) P'000 |
|---|---|---|
| **23 OTHER OPERATING EXPENSES** | | |
| Accounting and secretarial fees | 227 | 764 |
| Advertising | 40 441 | 26 656 |
| Audit fees | 7 358 | 6 661 |
| – Audit services | 7 191 | 6 514 |
| – Covenant compliance fees | 167 | 147 |
| Bank charges | 8 859 | 8 693 |
| Computer expenses | 9 755 | 13 139 |
| Consultancy fees | 56 163 | 49 805 |
| Corporate social responsibility | 1 961 | 1 689 |
| Collection commission | 72 159 | 75 909 |
| Direct costs | 29 343 | 36 844 |
| Direct costs – informal loans | 36 142 | 23 922 |
| Depreciation and amortisation | 48 622 | 51 426 |
| Depreciation – right of use assets | 41 407 | 47 255 |
| Directors' fees – non executive | 9 985 | 9 850 |
| Directors' fees – subsidiary boards | 8 184 | 9 253 |
| Government levies | 22 673 | 31 024 |
| Impairment of goodwill | 32 795 | - |
| Insurance | 17 989 | 16 798 |
| Insurance Fees – customer short term | 60 074 | 55 194 |
| Office expenses | 24 638 | 22 500 |
| Rental expense for low value assets | 6 862 | 6 638 |
| Short term leases | 849 | 1 414 |
| Other operating expenses | 155 639 | 91 156 |
| – Entertainment | 531 | 305 |
| – IT costs | 505 | 6 454 |
| – Loss on disposal of intangible assets and plant and equipment | – | 2 462 |
| – Motor vehicle expenses | 11 715 | 8 516 |
| – Printing and Stationery | 6 775 | 7 996 |
| – Repairs and Maintenance | 10 250 | 6 060 |
| – Storage costs | 3 324 | 2 848 |
| – Subscriptions and licenses | 27 179 | 8 099 |
| – Other expenses | 95 360 | 48 416 |
| Payroll administration costs | 2 131 | 1 093 |
| Professional fees | 46 704 | 34 596 |
| Telephone and postage | 36 536 | 32 418 |
| Travel | 22 431 | 16 272 |
| | **799 927** | **670 969** |

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