



**NOTICE TO ALL SHAREHOLDERS
TRADING STATEMENT**

Letshego Holdings Ltd ("LHL" / "the Group") is a proudly African, retail financial services organisation, incorporated in 1998 and headquartered Gaborone, Botswana. The Group is listed on the Botswana Stock Exchange and remains committed to leveraging digital innovation, agile methodologies and strategic partnerships to enhance customer experience and increase access to simple and appropriate financial solutions for emerging market consumers across the Group's 11-country footprint.

Following LHL's Full Year Financial Statements published on 2 March 2020, and subsequent COVID-19 Update to shareholders on 5 May 2020, the Group is finalising its interim financial statements for the six month period ended 30 June 2020.

- Net interest income is expected to be lower than the same period last year, but only by a single digit percentage, while Operating Income overall is likely to decline between 10% to 15% on the back of a reduction in Non Funded Income (NFI).
- The Loan Loss ratio (LLR) is, however, expected to be lower than the comparative period last year, driven largely by significant performance improvements in the Group's mobile loan portfolio.
- Profit before Taxation is expected to range between 15% and 25% (between P90 million and P152 million) lower than the P600million reported for the six months ended 30 June 2019 - while Profit after Taxation is expected to range between 20% and 30% (between P73 million and P110 million) lower than the P364million reported for the six months ended 30 June 2019.

The projected decline in profits is mainly attributable to the impact of COVID-19 on sub Saharan economic activity and the resultant drop in business volumes, particularly in the second quarter of 2020. As indicated in our COVID-19 Update, transaction volumes were lower in both our Deduction at Source (DAS) and Micro and Small Entrepreneur (MSE) segments during this period. NFI levels have been adversely impacted by the same slowed transaction volumes as a result of the pandemic, as well as regulatory policies adjusted towards the end of 2019 in one of our larger markets.

Despite this, our business has remained resilient, with DAS showing a stronger recovery than initially anticipated as the Group progresses into the second half of 2020.

The MSE segment, that comprises 9% of the Group's total loan book, was impacted in the Education, Travel & Tourism, Manufacturing and Trade sectors, with approximately 60% of customers opting for the repayment holiday offered.

Continuous customer engagements throughout the repayment holiday period, as well as other mitigation strategies, have reduced flows into Non-Performing Loans. As efficiencies in collections and recoveries continue to improve, we expect second half LLR to remain within moderate levels, reflecting the resilience of the DAS book.

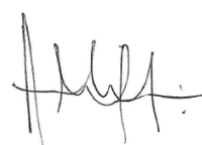
The Group Board is pleased to note the resilience displayed by the business despite ongoing economic challenges associated with the COVID-19 pandemic, and looks forward to the future with optimism.

The Group's Interim Results, for the period ended 30 June 2020, will be published on or around 1 September 2020.

By order of the Letshego Group Board



Enos Banda
Group Chairman
26 August 2020



Andrew F. Okai
Group Chief Executive
26 August 2020

Sponsoring Broker

