



IBIS

INSTITUTE OF BUSINESS INVESTMENT SERVICES

POST ISSUANCE ASSURANCE MANAGEMENT REPORT

LETSHEGO HOLDINGS (NAMIBIA) LIMITED

MARCH 2025

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INTRODUCTION

IBIS ESG Consulting Africa (Pty) Ltd, hereinafter referred to as "IBIS," has been engaged by Letshego Holdings Namibia Limited, hereinafter referred to as the "Issuer" or "the Company" or "LHNL" to perform a limited post-issuance assurance engagement on Social Bond Allocation Reporting as at March 2025, in line with the commitments stated in the LNHL Social Financing Framework, hereinafter referred to as the "Framework" or "SFF". This report will also be assessed against the requirements of the International Capital Market Association (ICMA's) Harmonised Framework for Impact Reporting Social Bonds June 2022 and the Social Bond Principles (SBP) of June 2023.

LHNL listed on the Namibian stock exchange on 28 September 2017. LHNL provides accessible consumer finance, micro-finance, savings and transactional banking solutions to the traditionally financially underserved through its 16 outlets and its network of direct sales agents, across Namibia.

Furthermore, LHNL is a subsidiary of Letshego Holding Limited (LHL) (the group or holding company) a Botswana-based listed diversified financial services group. Collectively, the LHL is a truly African multinational organization focused on increasing access to simple and inclusive financial solutions for underserved populations across 11 sub-Saharan markets. The Letshego Group operates in Botswana, Namibia, Mozambique, Lesotho, Eswatini, Kenya, Rwanda, Uganda, Nigeria, Ghana, and Tanzania employing in excess of 1,700 people comprising 21 nationalities.

SCOPE AND SUBJECT MATTER

The scope of the subject matter for limited assurance in line with the ISAE3000 (Revised) assurance standard, as captured in the agreement with LHNL, included:

- Part 1: LHNL's alignment with its commitments set forth in the Framework
- Part 2: LHNL's disclosure of allocation of net proceeds to eligible assets

RESPECTIVE RESPONSIBILITIES

LNHL

The Directors of LHNL are responsible for the generation, collection and presentation of the selected proceeds allocation information and associated Social Bond disclosure. LHNL is also responsible for maintaining adequate records and internal controls that support the reporting process during the reporting

IBIS

IBIS' responsibilities were to conduct an assurance engagement and to report its conclusions to the Directors in accordance with the assurance procedures followed. IBIS conducted the engagement in alignment with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

SUMMARY OF WORK PERFORMED

LHNL provided IBIS with the relevant supporting information and documentation related to the Social Bond. IBIS applied LHNL's SFF and ICMA's Social Bond Principles as audit criteria in respect to the underlying data in the scope of the assurance engagement. IBIS' assurance procedures, based on our professional judgement, consisted of:

- Management enquiries,
- Inspection and corroboration of the bond allocation related information and supporting documentation including but not limited to:
 - Applicable Pricing Supplement for the LNHL Social Bond
 - Excerpts of committee meetings
 - Minutes of Sustainability Committee meetings
 - LNHL's SFF
 - Sample eligible social loans
 - Allocation Sheet (16 May 2022 – 12 November 2022)
- Evaluation of the relevant components of the LNHL SFF related to:
 - Use of Proceeds,
 - Process for Project Evaluation and Selection,
 - Management of Proceeds, and
 - Reporting.

INHERENT LIMITATIONS

The reliability of the reported sustainability data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Evidence to support the information reported was obtained electronically for review and assessment as a basis for our assurance conclusion. In addition, the evidence-gathering procedures performed in a limited assurance engagement vary in nature and are less in extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

OTHER MATTERS

The maintenance and integrity of LHNL's website is the responsibility of LHNL's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Framework or our independent assurance report that may have occurred since the initial date of presentation on the LHNL's website.

This report is valid as far as no material changes are undertaken by the Issuer to its Social Bond Allocation as at March 2025.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express the opinions and conclusions on the selected Bond related information to the Directors of LNHL in accordance with the terms of our engagement and for no other

purpose. We do not accept or assume responsibility to any third parties i.e. other than the Directors and the company, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

SUMMARY OF FINDINGS

Review Section	Summary	Evaluation
Part 1 Alignment with the Issuer's commitments set forth in the Framework	<p>The allocation reporting meets the Issuer's commitments outlined in the Framework. The proceeds have been wholly deployed to (re)finance of eligible social loans, ensuring strict alignment with the eligibility criteria defined in the Framework. The lookback period requirement for (re)financing eligible projects is also adhered to.</p> <p>The refinanced projects, which the proceeds have been allocated to, are approved by the Sustainability Committee. The Issuer clearly tracks allocation of the proceeds and maintains an allocation register to support the tracking of proceeds.</p> <p>The assessment conducted confirms the Issuer's adherence to the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting requirements as specified in the Framework</p>	Aligned
Part 2: Disclosure of Allocation of Net Proceeds	<p>IBIS notes that the Issuer is transparent in the allocation of net proceeds against the eligibility criteria. Allocated proceeds are reported on a portfolio level.</p>	Aligned

The sections below discuss the two parts summarised above.

Part 1 – Alignment with the Issuer’s commitments set forth in the Framework

The following table evaluates the Issuer’s post issuance compliance against the commitments set forth in the Framework, which are based on the core requirements of the ICMA Use of Proceeds Principles as well as best market practices.

S/N	ICMA PRINCIPLES COMPONENTS	IBIS’ EVALUATION	ALIGNMENT WITH COMMITMENTS
1	Use of Proceeds	<p>In accordance with the Issuer’s commitment in the Framework, the net proceeds from the social bond have been allocated to the loans that meet the social objective of financial inclusion requirements cut across different eligible social project categories including:</p> <ul style="list-style-type: none"> • Access to essential services • Socioeconomic advancement and empowerment <p>The eligibility criteria specific to the eligible social categories include:</p> <ul style="list-style-type: none"> • Financing or refinancing of financial product(s) and/or service(s) which aim to increase access to financing and/or financial services including affordable credit at preferential rates, to the specified target populations. <p>The target population requirements are noted to be aligned with the Framework:</p> <ul style="list-style-type: none"> • Population groups with monthly individual or household income of: <ul style="list-style-type: none"> ➢ Ultra-low: N\$ 0 – 7,500 ➢ Low: N\$ 7,501 – 15,000 <p>And</p> <ul style="list-style-type: none"> • Eligible adult population is defined as those individuals 16 years of age and above who can enter into a legal financial transaction in their capacity. <p>IBIS notes that 100% of the net proceeds of the bond were used to refinance existing eligible social loans in line with the eligibility criteria. According to the Framework, existing eligible assets/projects are those for which disbursements have been made up to 36 months before the issue/raise date of the social bond/loan. The eligible loans which the bond proceeds was allocated to all meet the lookback requirements of 36 months.</p>	Aligned

S/N	ICMA PRINCIPLES COMPONENTS	IBIS' EVALUATION	ALIGNMENT WITH COMMITMENTS
		<p>The Issuer also confirms that no proceed was allocated to the exclusion list as stated within the Framework.</p> <p>IBIS confirms that the Issuer aligns with the commitments stated in the Use of Proceeds section of the Framework.</p>	
2	Project Evaluation and Selection	<p>The Issuer aligns with its commitment to ensure that all projects, which proceeds of the bond will be allocated to, will be evaluated and approved by the Asset and Liability Committee (ALCO) and ultimately, the Sustainability Committee, chaired by the Chief Financial Officer. This was confirmed by the extract of the minutes of the Sustainability Committee meeting, supported by the excerpts from the ALCO presentation. The Issuer ensures that all eligible projects meet the eligibility criteria prior to allocation of the bond proceed.</p> <p>All projects are screened for Environmental and Social (E&S) risks in line with the processes detailed in the Framework.</p> <p>Therefore, IBIS notes the alignment of the Issuer to the project evaluation and selection requirements within its Framework</p>	Aligned
3	Management of Proceeds	<p>The Issuer confirms to follow the Process for Management of Proceeds description provided in the Framework. The Issuer has fully allocated the proceeds of the social bond in line with the commitments outlined in the Framework to achieve an allocation equivalent to the net proceeds within 24 months of the issuance of the Bond. Full allocation was completed as at March 2025.</p> <p>The Finance team through its internal accounting system tracks the allocation of the bond proceeds. The Issuer has also maintained an allocation register, which was provided during the verification process, to ensure that the value of the bond proceeds within the scope of this assurance is equivalent to the total allocation to all eligible projects.</p> <p>IBIS confirms that there are no unallocated proceeds as all proceeds have been fully allocated. Details of the allocation of proceeds will be outlined in the next section.</p>	Aligned
4	Reporting	<p>The Framework includes the Issuer's commitment to prepare and publish an annual allocation and impact report on its website with respect to the social bond, as applicable,</p>	Aligned

S/N	ICMA PRINCIPLES COMPONENTS	IBIS' EVALUATION	ALIGNMENT WITH COMMITMENTS
		<p>issued in reference to the SFF until full allocation has been achieved.</p> <p>The allocation and impact report details as stated in the SFF:</p> <ul style="list-style-type: none"> • The total amount of proceeds allocated to eligible assets/projects; • The number of eligible assets/projects to which proceeds have been allocated; • The balance of any unallocated proceeds; • The amount or the percentage of new financing and refinancing (as applicable); and • The annual impact indicators <p>IBIS, only providing an assurance on the allocation report, confirms this to be aligned with the Issuer's commitment in the Framework.</p>	
5	Verification	IBIS was engaged to provide a pre-issuance Second Party Opinion (SPO) on the Issuer's Framework and has also been engaged to provide post-issuance assurance on the allocation of the proceeds of the social bond.	Aligned

Part 2: LHNL's Disclosure of Allocation of Net Proceeds

According to the SFF, the Issuer commits to procure annually, post any social issuance/raise until full allocation, a limited assurance report through an engagement with an independent suitably qualified verifier. As at March 2025, LNHL confirms to have allocated 100% of the proceeds of the social bond to refinance eligible loans specific to access to essential services and socioeconomic advancement and empowerment.

The allocation of the bond proceeds is detailed below.

Total Social Bond Net Proceeds

Note	Namibian Stock Exchange (NSE) Listing Code	Date of Issue	Date of Maturity	Amount (NAD Mn')	Percentage of Total Proceed (%)
NA000A3LYXH3	LHNS01	May 2024	May 2027	260.00	100.0
Unallocated Portion				0	0

As at March 2025, 100% of the net proceeds of the bond has been allocated towards refinancing the eligible social loans that meet the eligibility criteria below.

Social Objective	Social Category	Project	Eligibility Criteria	Target Population
Financial Inclusion	<ul style="list-style-type: none"> Access to essential services Socioeconomic Advancement and Empowerment 		Financing or refinancing of financial product(s) and/or service(s) which aim to increase access to financing and/or financial services including affordable credit at preferential rates, to the specified target populations.	<ul style="list-style-type: none"> Population groups with monthly individual or household income of: <ul style="list-style-type: none"> ➤ Ultra-low: N\$ 0 – 7,500 ➤ Low: N\$ 7,501 – 15,000 <p>And</p> <ul style="list-style-type: none"> Eligible adult population is defined as those individuals 16 years of age and above who can enter into a legal financial transaction in their capacity.

Social Loan Allocation Breakdown as at March 2025

Loan Allocation Breakdown	Total Facility (NAD 'Mn)	Number of Loans	Percentage of Total Loan Allocation (%)
Total Facility	260.00	7488	100
Portfolio Breakdown (Target Population)			
Ultra-low: N\$ 0 – 7,500	224.41	6806	86.3
Low: N\$ 7,501 – 15,000	35.59	682	13.7
Refinancing			
Refinanced Loans	260	7488	100

IBIS reviewed sample loans within the portfolio for completeness and compliance with the eligibility criteria stated in the SFF. The loans included in the sample meet the target population criteria based on income and the age requirement of over 16 years who can enter into a legal financial transaction in their own capacity.

SUSTAINABILITY QUALITY

Based on the sustainability quality assessment of the use of proceeds and utilising ICMA's high-level mapping to the Sustainable Development Goals (SDGs), IBIS has determined that the Issuer's focused project category could potentially make a positive and direct contribution to specific SDGs. The high-level mapping of the impact indicators with the UN Sustainable Development Goals demonstrates this alignment.



Furthermore, the allocation of the bond's proceeds has been transparently disclosed, with a detailed breakdown across different eligible project categories in line with the Framework.

ASSURANCE CONCLUSION

We believe that the information provided by LHNL, and the work performed by IBIS are sufficient and appropriate to form a basis for our limited assurance conclusion.

In our opinion, and based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the selected post-issuance disclosures set out in the assurance scope are not fairly represented in all material respects for the **LHNL Social Bond**, thereby aligning with the requirements of the ICMA Social Bond Principles (June 2023) and the LHNL SFF.

A handwritten signature in black ink, appearing to read 'P. Gildenhuys', with a stylized flourish at the end.

Petrus Gildenhuys

Director, IBIS ESG Consulting Africa (Pty) Ltd

19 March 2025

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