

LETSHEGO HOLDINGS LIMITED
Incorporated in the Republic of Botswana Co. 981442 (the "Company")



SHAREHOLDER NOTICE: COVID-19 UPDATE

Letshego Holdings Limited ("Letshego Group" / "Letshego") was incorporated in 1998, is headquartered in Gaborone and has been publicly listed on the Botswana Stock Exchange (BSE) since 2002. Letshego is a pan-African financial institution offering microfinance and consumer lending solutions across eleven subsidiaries in sub-Saharan Africa.

The current environment

COVID-19 has impacted the lives and livelihoods of many people, communities, businesses and governments in almost every country, globally. Letshego therefore wishes to provide an update to all its valued customers and stakeholders on the Business Continuity Management Plans instituted over this period, as well as incorporated into our outlook going forward. This update is supported by [presentation slides](#) available on Letshego's website entitled "COVID-19 Update".

Following the outbreak of COVID-19 in sub-Saharan Africa in February of 2020, Letshego acted swiftly and implemented a number of measures and interventions to ensure the safety of our colleagues and customers, whilst also ensuring the resilience of our business operations.

We accelerated the enhancement and deployment of digital channels within our 6-2-5 strategic roadmap to enable our employees and partners to follow national health recommendations and work remotely, while we maintained support and delivery to our customers.

This is an important step for us, as it not only protects our customers and colleagues with social distancing practices, but also reiterates our commitment as a responsible corporate citizen as we align with the local health standards and global health requirements.

Further details on our response to COVID-19 is outlined below and we have categorised our response into key areas being colleague and customer wellbeing and safety, business resilience, supply chain de-risking and our future business outlook.

The health and wellbeing of our employees and customers remains our priority

Across our 11 market footprint, Letshego has implemented health and safety protocols in line with national and international health directives and global protocols. Some of the measures include remote working, social distancing within our premises and ensuring that our work spaces have the necessary health interventions such as regular disinfection, hand sanitizers, face masks and awareness posters. We are also providing safe and hygiene-conscious transport for colleagues to travel to the office, reducing the risks associated with public transport. Social distancing is achieved within our branches and outlets by monitoring entrants in line with national guidelines –

this ranges from 10 to 25 people within a demarcated area, temperature checks etc. During this period, our overall health and hygiene protection measures for employees have been increased.

Maintaining business continuity

In line with our business continuity planning framework, 'critical-to-operations' processes are defined together with the requisite workforce and systems. As such, in executing our business resilience plans, we ensured that key elements relating to our critical-to-operations processes were always on standby during this period. The teams responsible were properly briefed and Virtual Private Networks (VPNs) are in place to ensure remote working employees access business systems through safe and secure channels. All processing systems were also reviewed with appropriate redundancy protocols in place (eg. fail-over protocols and enough capacity at disaster recover site/data centers), in line with effective ongoing monitoring systems in place. A robust remote working framework is important to ensure that the needs of our customers, employees, shareholders, regulators and other stakeholders are met throughout this period, and into what is now commonly termed our 'new normal'.

Stress tests and sensitivity analyses were conducted from the outset of the pandemic to map out potential downside scenarios and their financial impact on our business. Understanding the impact of lockdowns and other restrictions on individuals and businesses, Letshego provided necessary interventions such as repayment holidays and other debt relief measures, as well as aforementioned options for customers to access services using digital channels. Our shareholders continue to be proactively engaged to assure them of the resilience of our business and ongoing stress testing and risk mitigation scenario planning.

Business Resilience

The Letshego business remains resilient in the face of the COVID-19 outbreak. While our Micro to Small Entrepreneurs (MSE) segment has been heavily impacted, it is limited in scale, comprising 9% of the Group's total loan portfolio. A three month repayment holiday has been extended to these customers to support them through this crisis. Those economic sectors more severely affected by the pandemic include Travel & Tourism, Manufacturing, Trade and the Education sectors.

Letshego's Deduction as Source segment (DAS) that accounts for 88% of the Letshego loan portfolio remains relatively resilient as governments endeavour to support employees and seek to minimise retrenchments.

The review of 1st Quarter 2020 performance was positive. Run rates for the quarter were ahead of Q4 2019, albeit slightly behind Q1 2019. However, the financial impact of COVID-19 is only expected to reflect in Q2 and Q3 numbers this year.

Letshego's Loan Loss ratio (LLR) for Q1 2020 was 1.8% and within the Group's target range of 1.7% and 2.5%. Net advances to customers were up 2% year on year. The Group is showing a strong position to meet all funding obligations, with the Group's cash position up 20% year on year. Letshego continues to engage our funders and investors, affirming the Group's liquidity position in meeting all funding obligations. Letshego remains well capitalised across all its markets.

Despite the impact of the lockdowns, business momentum is expected to gain resilience from ongoing enhancements and investment into both system and access channel strategies.

Supply chain de-risking

Letshego works closely with a lot of suppliers and some of them are critical to our operations. At the outset of invoking our business continuity plans, we engaged key suppliers and partners to align our plans and co-create a supply chain business continuity plan over this period. This has worked well so far and we intend to continue engaging with our supply chain partners to safeguard against any interruption to our services. Letshego's internal health and safety protocols have also been extended to onsite suppliers and contractors.

Future outlook

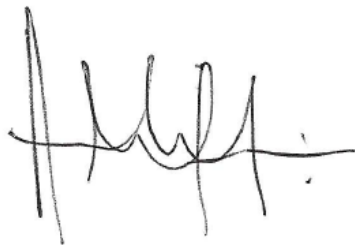
The COVID-19 pandemic remains unpredictable in its longer term economic impact, however, Letshego envisages a recovery that is more of a 'W curve' than a 'U or V curve'. This implies that we might see a series of tightening and loosening of restrictions in lockdowns across our footprint markets as governments manage the real challenge to balance life (protecting citizens against the health impact) and livelihoods (economic activity).

Letshego's post COVID-19 transition has prepared for an environment where businesses need to remain agile and adaptable to respond to the 'W curve' recovery. The key elements in our plans that will enable this agility is our Way of Working (operating model) and leveraging technology. Moving to Enterprise Agility is part of Letshego's 6-2-5 strategic plan. While we accelerate relevant aspects of our digitalisation roadmap and continue to improve our technology platforms, we are also partnering with regional and global technology companies to speed up our execution and augment our product and digital capabilities for longer term benefit.

As the COVID-19 impact unfolds, Letshego remains committed to the collaborative and committed approach such a pandemic requires from all members of our communities and economies. To date, Letshego has contributed more than BWP3million in financial support to regional government relief efforts, and we continue to leverage our strengths to deliver on our brand promise in Improving Lives within the communities where we operate.

The slide presentation supporting this COVID-19 Update can be accessed on [this link](#), or visit www.letshego.com/investor-publication-types/announcements-and-notices

I wish to take this opportunity to thank our people, customers, strategic partners and all our stakeholders for their ongoing support,

A handwritten signature in black ink, appearing to read 'Andrew F Okai', with a horizontal line extending to the right.

Andrew F Okai

Group Chief Executive
Letshego Holdings Ltd