PRELIMINARY UNAUDITED FULL YEAR RESULTS 2023

Fact Sheet

December 2023

Letshego

LETSHEGO AFRICA LIMITED

Financial Highlights

The Board of Directors of Letshego Africa Limited ("the Group"/"Letshego Africa") herewith presents an extract of the unaudited consolidated financial results for the ended 31 December 2023.

Interest income

up **9%**

yoy to P3.42 billion

(2022: P3.15 billion)

Insurance revenue

up **46%**

yoy to P363 million

(2022: P249 million)

Total income

up **7%**

yoy to P3.94 billion

(2022: P3.68 billion)

Interest expense

up **23%**

yoy to P1.69 billion

(2022: P1.38 billion)

Profit before tax

down **82%**

yoy to P121 million

(2022 Restated: P684 million)

Before adjustment and FX

down **6%**

yoy to P756 million

(2022: P801 million)

Total assets

up **8%**

yoy to P18.11 billion

(2022 restated: P16.72 million)

Before adjustment

up **9%**

yoy to P18.41 billion

(2022: P16.9 billion)

Net customer advances

up **7%**

yoy to P13.49 billion

(2022: P12.65 billion)

Before adjustment

up **8%**

yoy to P13.78 billion

(2022: P12.73 billion)

PHILIP ODERA

Chairman
Letshego Africa Limited

"The Group continues to operate in a challenging global macro environment, however we have continued to prioritise resources for markets that are primed for growth. Against this backdrop, we remain confident in our ability to navigate the opportunities before us including the strength of our core product proposition to drive sustainable growth and deliver value to all stakeholders."

AUPA MONYATSI

Group Chief Executive

"Letshego's core operating performance was resilient. We achieved strong top-line growth across a number of our business segments including insurance and mobile lending, reporting pleasing loan growth of 9% year on year. Excluding the once-off adjustments and FX impact, the Group's performance would have largely been in line with expectations."

East & West Africa markets

Local Currency Performance Highlights Profit before Taxation

GHANA

432%

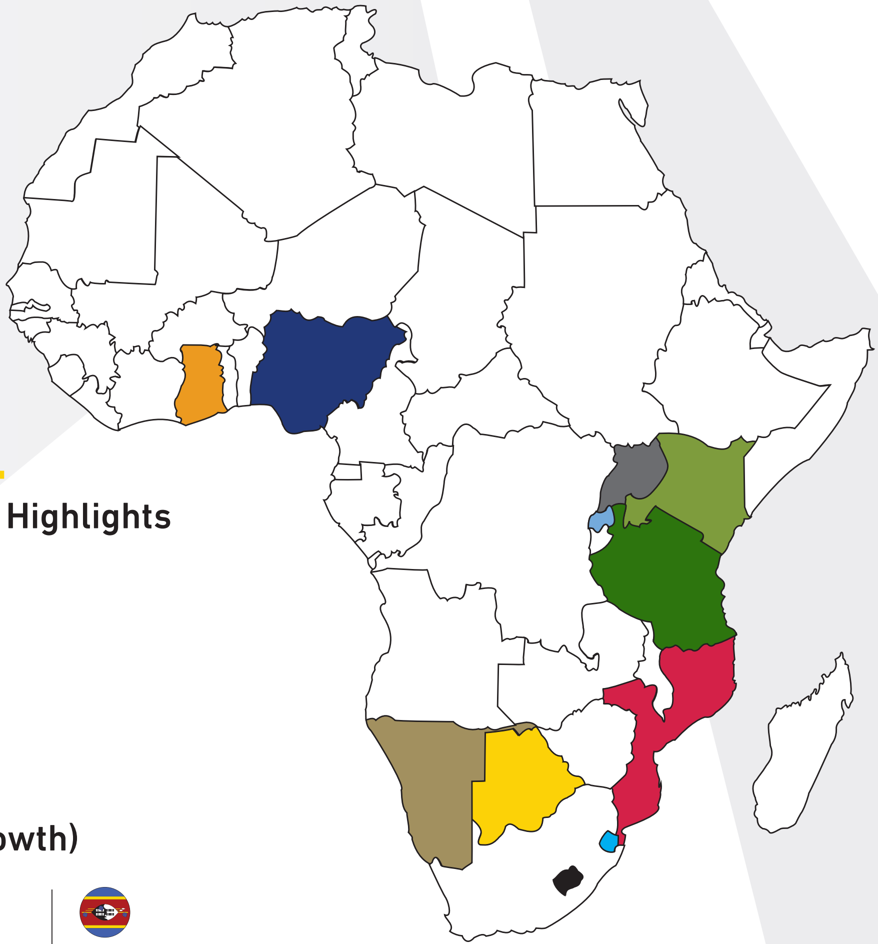
year-on-year*

following restatement under IAS29, a loss before tax of P62.9 million was incurred.

RWANDA

9%

year-on-year



Southern Africa markets

Local Currency Performance Highlights Profit before Taxation

MOZAMBIQUE

15%

year-on-year

Interest income (Top Line Growth)

BOTSWANA

4%

year-on-year

NAMIBIA

13%

year-on-year

LESOTHO

6%

year-on-year

ESWATINI

15%

year-on-year

LetsGo borrow

DAS income

7%

yoy to P2.67 billion

(2022: P2.50 billion)

Mobile lending income

307%

yoy to P195 million

(2022: P48 million)

LetsGo insure

Insurance revenue

46%

yoy to P363 million

(2022: P249 million)

LetsGo save

Total deposits

37%

yoy to P1.5 million

(2022: P1.1 million)

Executive summary

Sub Saharan Africa economic recovery slowed for the second year in a row, recording an estimated growth of 2.9% in 2023 relative to 3.6% in 2022. Growth is still and will remain uneven across the region. Monetary and fiscal policies varied materially across our presence markets as Sovereigns responded variously to local economic challenges and prevailing headwinds during the year. Economic outlook for the region is positive; GDP is projected to accelerate to 3.8% in 2024 and 4.1% in 2025. Ripples from the geopolitical tensions, rising risk of debt distress, and climate related shocks are the main risk vulnerabilities to the region's economic prospects in the near term.

Strong underlying business performance

Policy tightening continued during the year with monetary policy rates increasing in 7 out of our 11 presence markets. Currencies were under pressure throughout the year; Nigeria and Kenya recorded material currency depreciation in 2023. Currencies across our markets are projected to remain under pressure in 2024 through to 2025 potentially setting back the inflationary dampening experienced in 2023.

Our business fundamentals stayed strong despite these challenges with 7% growth in net advances year on year. This strong balance sheet momentum stemmed from our core Government Deduction at Source ("DAS") product growth which has been our mainstay over the years. Our Southern African markets, specifically Mozambique, Botswana, Namibia, and Lesotho supported the pleasing Deduction at Source performance with year-on-year net book growth of 7%. Deposit growth was strong at 37% year on year, albeit off a low base.

Together with DAS, positive mobile lending and insurance arrangements momentum continued to contribute positively to business performance. Non funded income was buoyed by income from insurance arrangements which increased by 46% year-on-year to P363 million. The Group's Mobile lending income increased by 307% year-on-year, with strong performance recorded in Ghana. The Group recorded strong top- line growth of 9% year on year, but due to continued interest rate pressure, a marginal 2% decline was observed on operating income on a year-on-year basis.

However, certain one-offs affected the Group's results during the year. The Group's auditors determined that loans in the Stage 3 maturity bucket should not be discounted in the calculation of Expected Credit Losses ("ECLs"). While this is an area of judgement and subject to different interpretations, the Group agreed to accept the auditor's view of this estimate, to be more prudent in the calculation of ECLs. This was re-worked for 2023 and prior years and applied retrospectively as required by accounting standards, resulting in a P128 million ECL adjustment in the current year and a restatement of prior year financials. Further to this, in 2023, EY Global and other firms, determined Ghana to be a hyperinflationary economy, although this is disputed by the Institute of Chartered Accountants of Ghana ("ICAG"). EY required the Group to adjust for this, resulting in a net monetary loss of P149.9 million being included in the Group's performance. Moreover, foreign exchange volatility remained a concern, particularly in Nigeria where there was a sharp devaluation of the official exchange rate from 1USD:NGN463 to 1USD: NGN523 by June last year. The Naira lost further value in H2 2023, hovering between NGN 800–1 000 to the United States dollar and further movement has been seen in the current year. With the continued exchange rate volatility across our markets, foreign exchange losses moved by P143 million year on year from a gain of P91 million last year, to a loss of P52 million in the current year.

Against this backdrop, the Group achieved a profit before tax of P121 million, compared to a restated profit of P684 million in 2022. While the Group's strategy implementation to 2025 has been somewhat delayed by the headwinds that started during the Covid era, strong progress continues to be made on the 6-2-5 strategy. We are consolidating the business and transitioning to optimise structures, including digital self-service to further our sales growth and strengthen our collection and recoveries capabilities.

Regional Performance
(Southern Africa/East and West)

In early 2023, we restructured subsidiaries into two units: "Fit for Growth" (F4G) and "Turnaround Markets" (TAM). Fit for Growth markets include Botswana, Namibia, Mozambique, Uganda, Lesotho, and Eswatini. TAM countries encompass Ghana, Tanzania, Kenya, Nigeria, and Rwanda. This restructure aimed to prioritise resources for TAM markets to unlock their potential. Last year, the Group focused on revitalising its East and West Markets with a reset strategy for the MSE segment, streamlined operations, and growth in the Mobile lending portfolio and DAS business. Despite challenging economic conditions in some markets, often driven by increased food and energy prices, we achieved a marginal year on year net book growth of 2% to P3 billion (2022: P2.8 billion).

The Mobile lending product was a key growth driver, increasing the net loan book by 92% to P692 million. The MSE segment faced challenges due to high inflation levels, prompting the implementation of a strategic reset strategy with shorter loan tenors. This led to a 38% decrease in net loan book values for the MSE segment. However, we anticipate that this adjustment will pave the way for a more sustainable business in these markets in the coming year.

Southern African markets maintained steady 7% net loan book growth. In these markets, Mobile lending grew by 81% to P110 million, while the DAS loan portfolio increased by 3% to

P10 billion. Mozambique's loan book grew by 24% to P2.5 billion, and Botswana's net loan book increased by 7% to P3.5 billion. Southern African markets also expanded the customer base by 14% to 967 522, driven by strong growth in Botswana's Mobile lending segment.

In our largest market, Botswana, strong underlying business performance led to a 15% growth in Gross Loans and Advances, driven mainly by Government Deduction at Source. However, this was offset by increased Expected Credit Losses for a newly introduced "test and learn" Individual Non-DAS loan portfolio, which experienced challenges in collections. Additionally, system migration at the central deductions clearing partner resulted in technical defaults on some loans, leading to increased impairments in the Government Deduction at Source portfolio. Key lessons were learnt from this portfolio, from which we expect to leverage going forward.

The business is leveraging lessons to enhance overall Group collection capability and technology, aiming for improved performance in this portfolio in full year 2024. Anticipated improvements are expected to deliver continuing business value. Botswana restructured its banking debt profile to support competitiveness in our core DAS product and diversified business growth with Mobile lending and Affordable Housing product lines. We are pleased to note improved local market liquidity due to changes in offshore investing regulations.

Looking Ahead

Baseline outlook for regional economic prospects for 2024/25 is positive. The Regional GDP is projected to accelerate to 3.8% and 4.1% respectively for 2024 and 2025. Risks are to the downside. The region remains vulnerable to climate related shocks while a number of countries carry increasing risk of debt distress. Continuing geo-economic fragmentation and risk of escalation of geopolitical tensions and regional conflicts pose severe headwinds to the region. Five of our presence countries will hold their national elections this year. Social political risks from these elections are assessed as low. Policy continuity is rated high.

Business fundamentals remain sound despite the downside impact of adjustments to expected credit loss (ECL) that arose from material professional judgments in the year, and other once offs.

In 2023, our operations were affected by, once offs as well as foreign exchange fluctuations and inflation-induced volatility, especially in Nigeria and Ghana. We anticipate these challenges to persist in the first half of 2024 and expect it to taper off in the second half, contingent on macroeconomic conditions. We will navigate the macroeconomic landscape by executing our commercial strategy and improving our collections, including accelerated portfolio remediations.

Our core deduction at source product and insurance offerings remain steadfast in providing financial security to underserved customers. We are dedicated to offering accessible, competitive Mobile lending products, empowering individuals financially. We are enhancing our product portfolio leveraging insights from our test and learn programs of 2022/2023.

Despite headwinds in FY 2023, we are confident they are behind us, equipping us to navigate 2024's opportunities while managing ongoing challenges. We will continue to build on our digitalisation strategy to scale sales growth. Our goal remains to drive sustainable growth and deliver value to all stakeholders.

From a product focus perspective, our mobile lending portfolio is set for growth, supported by strong partnerships with mobile service providers. We are committed to providing accessible and competitive mobile lending products to empower individuals and businesses. Additionally, our core deduction product and insurance offerings will continue to provide financial security to underserved customers.

We aim to leverage lessons from our test and learn program to strengthen collections and recoveries, allowing us to write back adjusted amounts identified from the recalculation of ECL in 2023. Furthermore, we anticipate accelerating payment capabilities on our digital platform and continued momentum in our deposit services, meeting customers' digital needs for reliable and secure financial management.

With a focus on customer-centric innovation and digitalization, we strive to enhance the accessibility and convenience of basic financial services, reinforcing our position as a trusted financial partner that improves lives. Overall, we are confident in our ability to navigate the opportunities and challenges of 2024, leveraging a positive economic environment and the strength of our core product proposition to drive sustainable growth and deliver value to all stakeholders.

FINANCIAL OVERVIEW AND HIGHLIGHTS
DECEMBER 2023

Net interest income
down
2%
to P1.72 million
(FY 2022: P1.76 billion)

Non-funded income
down
3%
to P514 million
(FY 2022: P529 million)

Profit before tax
down
82%
to P121 million
(FY 2022 Restated: P684 million)

Loss after tax
of P149 million
down
142%
(FY 2022 Restated: Profit P352 million)

Net advances
up
7%
to P13.5 billion
(FY 2022 Restated: P12.7 billion)

Total assets
up
8%
P18.11 billion
(FY 2022 Restated: P16.7 billion)

Customer deposits
up
37%
P1.5 billion
(FY 2022 Restated: P1.1 billion)

Loan loss ratio
of
3.3%
(FY 2022 Restated: 0.2%)

Cost-to-income ratio
of
74%
(FY 2022 Restated: 61%)

Effective tax rate (ETR)
of
223%
(FY 2022 Restated: 49%)

Basic loss per share
(9.3) thebe
(FY 2022 Restated: Basic Earnings per Share 13.4 thebe)

Loss on Equity (ROE)
of
(3%)
(FY 2022 Restated: Return on Equity of 6%)

Capitalisation ratio
24%
(FY 2022 Restated: 30%)

Debt-to-equity ratio
of
183%
(FY 2022 Restated: 144%)

Statement of profit and loss review

TOP LINE GROWTH AND NET INTEREST INCOME

The Group recorded strong top line growth of 9%, but interest expense remained high and increased by 23%, impacted partly by the change in policy rates on the back-book and growth in funding. Market rate increases were more aggressive than expected, both in quantum and the length of the cycle. Regulatory changes in Mozambique increased liquid asset requirements from 11.5% to 28.5% in February 2023 and a further increase to 39.5% in May. Net Borrowings increased year-on-year by P1.6 billion while deposits increased by P417 million.

NON-FUNDED INCOME

Non funded income down overall by 3% to P514 million, However, excluding the net foreign exchange gain in 2022, non-funded income grew by 17%. Good traction continued on insurance arrangement income which was up 46% year-on-year to P363 million.

TOTAL OPERATING EXPENSES

Total operating expenses, comprise staff costs and other operating expenses, and went up by 20% year on year. Other operating expenses increased to 31% year on year but included the loss on net monetary position of P149.9 million referred to above and a net foreign exchange loss of P52 million. If these are stripped out, the year-on-year increase reduces to 5%. Similarly, staff costs carried a once-off restructuring cost of P70 million as the Group sought to right size its operations, while bringing in resources necessary for the strategy implementation. Excluding restructuring costs, staff costs were down by 8% year-on-year.

LOSS AFTER TAXATION

The Group posted a loss after tax of P149 million, largely caused by extraordinary items. While the underlying business fundamentals remain strong, major adjustments are as follows:

- During the second half of the year the Group classified Ghana as a hyperinflationary economy, following various global bodies assessment of the economy to be hyperinflationary for the 2023 financial year and thereafter. Consequently, the results of the Group's activities in Letshego Ghana Savings and Loans PLC were prepared in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". This impacted Group profitability through inflation adjustments amounting to P128 million.
- Additionally, in 2023, the Group determined that the calculation of the Expected Credit Loss Allowances for financial years 2019 to 2022, was not prudent due to the inclusion of a discount factor to Stage 3 exposures. This error was corrected retrospectively in accordance with IAS 8 "Accounting policies, Changes in accounting estimates and Errors" and has had the impact of reducing opening retained earnings by approximately P72.6 million and current year profitability by P128 million.

EFFECTIVE TAX RATE ("ETR")

ETR was 223% for the year ended 31 December 2023. The large ETR was primarily due to the significant decrease in profitability caused by the extraordinary items which saw PBT decreasing by 82% to P121 million from P684 million in the prior year. ETR is a function of PBT and the absolute tax charge. The tax charge of P270 million reduced by 19% year-on-year, despite including the write-off of deferred tax assets of P66 million relating to the merger of the Tanzania entities. The Group successfully extracted P799 million of dividends from subsidiaries, up 13% from prior year.

Asset Quality

Non-performing loans (NPLs) increased to 9.6% of gross loan book as at December 2023 (FY 2022: 6.5%) while PAR 30 increased to 14.4% from 9.2% in 2022. The movement was mainly driven by environmental risks and sub optimal performance of test and learn programs introduced since 2021. Increase in NPLs was more pronounced in Botswana driven mainly by Individual lending product that failed to meet product assumptions. In Kenya mobile loans test and learn program launched in 2023 faced early headwinds with collections bottlenecks and rapid shift in customer behaviour. Additionally, introduction of new statutory levies during the year eroded customer disposable income and affordability impacting loan deductions for the DAS book increasing the NPL. In Mozambique, transition to single central registry by the government was not smooth. A significant portion of our exposure to the army and the police dropped off payroll deductions. Remediation of this portfolio took much longer and was not complete as at year end 2023. The Group has put in place robust portfolio remediation strategy to accelerate collections and recoveries momentum in 2024. Our credit risk management capability is sound, our risk governance is strong, and our risk infrastructure is optimal.

Asset Quality: Tabulated summary

Measure	FY2023	FY2022	FY2021	FY2020	FY2019
Gross Loan Book Balance in P'm	**14 346**	13 132	12 439	10 740	9 833
Portfolio at risk – 30 days	**14.4%**	9.2%	9.2%	8.3%	10.0%
Portfolio at risk – 90 days (NPL)	**9.6%**	6.5%	5.9%	5.3%	6.9%
Post Write-off Recoveries in the year in P'm	**162**	147	178	199	184
Loan loss rate – actual	**3.3%**	0.5%	(0.1%)	0.3%	1.7%
Loan loss rate – excluding once-off items	**2.0%**	0.2%	0.6%	1.8%	1.7%
Non-performing loan coverage ratio	**58%**	53%	73.0%	98%	112%

Expected Credit Losses

During the year our external auditors changed their professional view and judgment on discounting of stage 3 ECLs. In prior periods Letshego had discounted ECLs across all the three stages of the portfolio. In 2023, their view was that discounting should not be applied to Stage 3 ECLs as default has already occurred. Management concurred with the change in professional view and judgement for prudence. ECL coverage has increased as a result. This will allow the business to align to its risk appetite.

Increase in Expected credit losses for the year was also driven by uptick in delinquencies on a test and learn program in Botswana and operational challenges from some central registries that impeded timely deduction and remittance of DAS Loan instalments. Provisioning levels are aligned with the Group's credit risk profile. Group portfolio mix remains flat with Deduction at Source accounting for 88% of the book in 2023 (FY2022: 88%). Deduction at Source portfolio is mainly composed of exposures to central and quasi government employees. Collections rates on the Group DAS portfolio is consistently above 90%.

Impairments charge on loans and advances

Impairments charge increased by 111% to P 457 million. The loan loss ratio (LLR) increased to 3.3%, driven by increases in defaults in the open market test and learn portfolio and the correction of IFRS 9 stage 3 discounting error, which increases the coverage on new business and mature businesses, mostly in Non-deduction at source (DAS) portfolios .This was deteriorated further by the change in treatment of long dated defaults especially in the MSE space which are impacted by long foreclosure processes. These are secured portfolios. The core business (85% government DAS) continues with low LLRs reflecting growth and high quality of the portfolio across all our businesses despite external operational pressures such as change/upgrades of central registries.

The impact of this on the Group's financial results, was a loss of approximately P128.7 million.

Funding and Liquidity

Wholesale and Institutional Funding

Total debt increased to P9.6 billion (2022: P8.0 billion). Wholesale funding made up 49% of Letshego's total funding portfolio (2022:53%), while Development Finance Institution (DFIs) funding constituted 27% (2022: 26%).

Bonds constituted 24% of total funding, up from 21% in 2022. The Botswana Stock Exchange bond programme remained relatively stable at P1.65 billion up from P933 million in 2022. During the year, Mozambique had a landmark bond issuance on the Mozambique Stock Exchange with record corporate value of P281m (MZN1.3bn). This was 2.6 times over-subscribed and brought diverse investorship. Namibian bonds stood at P277 million while Ghana bonds amounted to P221 million at the end of the year. Namibia and Ghana bonds decreased year-on-year, as the Group matured high-cost bonds in a bid to manage cost of funds.

In order to curb fluctuations in cost of funds and considering the tightening monetary policy cycle, the Group made every effort to secure fixed rate funding. Fixed or indexed debt structures increased from P3 billion to P4.4 billion year and year and made up 46% of total debt compared to 37% in 2022. Variable interest rate debt constituted 54% of total debt at P5.2 billion. This was an improvement from 63% in 2022; a year which saw significant volatility in exchange rates, contributing to the high interest expense. The Group actively hedged foreign currency floating rate facilities to fixed rate using Cross Currency Swaps.

Overall, the average cost of borrowings increased to 13.0% (2022: 11.6%) during the reporting period, driven by the above mentioned macro- economic factors which were mitigated by effective management actions to restructure the balance sheet.

Liquid assets increased to P1.4 billion (2022: P1.0 billion) as the Group managed balance sheet efficiencies amid rising cost of funds. Investment securities constitute bonds and bills used to meet regulatory requirements and secure collateralised debt in certain markets. The Group increased these holdings to P867 million from P692 million in 2022.

Strategic overview

Product diversification

Lending

Deduction at Source ("DAS")

In 2023, the DAS net loan book increased by 5% year-on-year to P11.9 billion. Interest income increased by 7% to P2.7 billion (2022: P2.5 billion). Mozambique drove growth, increasing its net loan book value by 24% to P2.5 billion, while Botswana saw a 7% increase to P3.5 billion, with a 4% rise in customers to 37 209. Rwanda launched its DAS business in 2023.

With over 29% increase in DAS customers transitioning to the Digital Mall platform and over 78% initiating loans through digital channels, enhancements to digital channels and engagement campaigns remain top priority. The Group remains committed to expanding LetsGo@Work proposition – a comprehensive offering including housing, insurance, and wellbeing services alongside core Deduction at Source lending, tailored for governments, corporates, and their employees.

MSE & Programmatic Lending

The MSE and Programmatic Book decreased by 16% year-on-year to P814 million, while interest income year-on-year remained flat at P269 million (2022: P270 million) following the Group's strategic reset to shorten MSE loan tenors and build a more sustainable business. In the upcoming year, our efforts include expanding our affordable housing loan product in Namibia and Botswana. Collaborations with development funding institutions and technical assistance partners will facilitate diversification efforts.

Mass Mobile Lending

The mobile loan book increased by 90% year-on-year to P803 million, with loan income increasing 307% to P195 million (2022: P48 million). This improved performance is attributed to expanding the Mobile lending offering to Botswana, Kenya, Nigeria, and Tanzania. Customer uptake increased by over 1 million to 6.4 million.

In 2024, our focus will be on developing and strengthening collaborations with key partners in the mobile network operator sector and credit data space. We plan to bolster existing partnerships and expand our solution into additional markets throughout the year.

Savings and Deposits

Total deposits increased by 37% to P1.5 billion (2022: P1.1 billion). Namibia and Ghana experienced notable growth of 50% and over 800%, respectively. Although corporate deposits remain prominent, having increased by 56% to P865 million, the retail customer segment, also grew by 19% to P673 million (2022: P565 million). It remains a key focus of the Group to increase retail savings and transactional deposits through key strategic partnerships with MNOs to enhance interoperability and drive scale. Despite the increase in policy rates across the markets, the cost of deposits reduced to 11.5% (2022: 12.3%), driven by a shift in the mix of franchise deposits.

The number of savings customers grew by 11% to 1 million in 2023, with over 60% of this growth facilitated through partnerships with MNOs. The average deposit for a retail customer was P642 and was P79 for a micro-saver. The Group focuses on three digital savings products: transactional, flexi savings, and term deposits, available in Namibia and Nigeria through our Digital Mall. In 2024, deposit growth will be driven by partnerships with MNOs, payment integrations, and secure transactions.

Insurance

Insurance revenue increased by P114 million (46%) to P363 million in 2023, driven by the expansion of embedded insurance across multiple markets and the introduction of new offerings such as health, credit life, and family protection. Moving forward, the Group intends to underwrite its own insurance business through cell captive arrangements in all markets, which is expected to further boost insurance earnings.

Payments

In 2023, mobile and digital payments increased by 73% to P294 million, driven by expanded digital payment capabilities on the Digital Mall and increased adoption across Southern and West Africa. Conversely, card transactions declined by 28% to P204 million, reflecting a shift towards digital and mobile payment methods.

The rise in digital payments also boosted retail savings in Namibia by 19% to P31 million. Looking ahead to 2024, our focus will be on enhancing payment capabilities, particularly in e-wallets and cards, across our deposit markets. This includes integrating with strategic partners for value-added services and utilities, as well as enhancing customer journeys on the Digital Mall to drive digital payment adoption and convenience.

Lifestyle

The Group is dedicated to empowering its customers to lead healthier lives through its Wellbeing products on the digital mall. These products offer dynamic physical and mental health podcasts, alongside enriching content on healthy eating. Usage increased by 12%, reaching 28 000 users, with over 55% being female and the highest adoption rate among those aged 30-45 years. Content is developed through strategic partnerships with health fintechs, ensuring high-quality, relevant information. Moving forward, the Group will enhance its Lifestyle value proposition, seeking to further benefit customers through lending solutions and explore innovative ways to provide added value.

Digitalisation

We are pleased to report a significant surge in registrations on our digital mall, reaching 3.5 million customers in 2023, compared to 1.1 million in 2022. 477,743 are active customers, representing a 13.2% activity rate. 19.8% DAS customers initiated the core loan product on the Digital Mall, marking a substantial increase from 9% in 2022. The Digital Mall revenue soared to P462 million in

2023, doubling from the previous year and aligning with our digital transformation strategy's growth assumptions. USSD emerged as the most popular channel, with 59% utilisation. Additionally, the female user base on the Digital Mall increased to 52%, up from 39% the previous year.

The adoption of our Digital Mall has shown remarkable progress, climbing from 3% in 2021 to 19.8% in 2023. Core DAS loans, mobile loans, and payments have emerged as the most popular products.

Geographic Rebalancing

In Southern Africa markets, the net loan book grew by 8% to P10.6 billion, with Mobile loans experiencing notable growth, increasing by 81% to P110 million. Mozambique's net loan book increased by 24% to P2.5 billion, while Botswana's net loan book grew by 7% to P3.5 billion. Additionally, the customer base expanded by 14% to 967 522, driven by strong growth in Botswana's Mobile loan segment. In the East and West markets, the total net book value increased by 4% to P3 billion, with the Mobile Loan product driving significant growth, increasing the net book value by 92% to P692 million. However, MSE customers faced challenges due to inflation, leading to a strategic reset strategy resulting in a decrease in net loan book values for the MSE segment by 38% to P573 million.

These developments reflect our efforts to navigate challenges and capitalise on growth opportunities. We remain focused on bolstering our presence in Southern Africa and enhancing our product offerings in the East and West markets. Our strategic reset strategy aims to ensure a more sustainable business model in these regions, positioning us for continued growth and resilience in the coming year.

Execution engine (Enterprise Agility & People)

Over the past year, we have conducted a comprehensive review of our organisational structure across various subsidiaries including Head Office to ensure alignment with our strategic objectives. We successfully implemented a Matrix organisational structure that combines functional departments with cross-functional teams. This has allowed for improved collaboration, streamlined decision-making processes, and enhanced agility in responding to market changes. This has led to reduced duplication, increased efficiency, and better utilisation of skills and expertise.

Our focus on employee engagement has remained a priority, as a highly engaged workforce drives organisational success. Key achievements in this area include establishing forums like the "Lekgotla" where employees and Leadership are given a platform to engage on various issues. In addition to Long service Awards, Excellence awards have been implemented in order to recognise colleagues that demonstrate excellence in the work they do. Team building initiatives have also taken place across the group.

Furthermore to strengthen leadership capabilities, we implemented targeted leadership development programs such as GIBS and McKinsey programs. These initiatives have enhanced the skills and competencies of our leaders which will lead to an improved employee experience and increased engagement.

In fostering a positive and inclusive work environment, we have made significant progress in the development of our Culture Blueprint and Roadmap. We have developed a comprehensive culture blueprint that defines our organisation's values, expected behaviours, and principles. This framework reflects our commitment to ensuring that we build a people first culture.

Overall, efforts in organisational design, employee engagement, and culture framework development have yielded positive results and positioned the organisation on a path towards continued success. By monitoring implementation of various initiatives aligned with our priorities, we will further enhance our organisational effectiveness, employee satisfaction, cultural alignment in the coming year and ultimately employee performance.

We have achieved significant milestones in driving value stream alignment across subsidiaries, ensuring a seamless flow of processes and resources. By adopting a customer-centric approach, we've not only enhanced operational efficiency but also improved customer satisfaction levels.

Through collaborative efforts and strategic initiatives, we've successfully integrated customer feedback into our processes, resulting in a more responsive and agile organisation.

Our Target Operating Model continues to be refined and rolled out across our markets. We have achieved 80% end-to-end automation of our DAS lending process and started to see the efficiencies which will increase through 2024 as we embed these across all markets.sz2 Our Instant Loan product has provided valuable lessons in 2023 with various versions of this product having been introduced in Botswana, Eswatini, Nigeria, Ghana and Kenya. The product is now being refined in these markets for scale and expanded to the remaining markets in our footprint.

The introduction and enhancement of systems to improve backend and Shared Services automation in 2023 has been largely completed with only two countries awaiting approval from the regulatory authorities. 2024 will bring the full efficiencies of these investments, reduce operational costs across the Group, and improve operational controls and service delivery.

In 2023 we successfully migrated our South African data centres to AWS Cloud completing our cloud transformation for 8 of our 11 subsidiaries. We further introduced Security Operating Centre (SOC) and Network Operating Centre (NOC) capabilities to strengthen security and system resilience. We further implemented Data Protection and Data Loss Prevention to safeguard our customer's data and fully comply with the evolving Data Protection legislation across our markets.

Sustainable stakeholder value

The Group continues to pursue improved shareholder value through share buybacks which will improve the overall Return on Equity. Letshego Africa Limited Shareholders approved a share buyback at an Extraordinary General Meeting held on 11 August 2023.

We continue to appreciate the stakeholders support we have received throughout the year and the belief in our vision, through a trying year.

Achieving a tangible impact across regional communities

Letshego continues to differentiate its brand by demonstrating tangible social returns for its customers and communities. In 2024 Letshego expanded its commitment to Environmental and Social Governance by extending its commercial strategy to not only include social benefits, but also support the region's climate and environment. Letshego Ghana led the way by launching financing for 'Solar Taxis'- green-friendly electric scooters used to transport commuters while reducing carbon emissions by over 90%. In 2023 Letshego Nigeria launched the Group's first solar financing product, increasing access to simple and affordable solar products and solutions to help customers keep the lights on and operations running despite inherent power interruptions. Letshego's Affordable Housing has also evolved to include green benefits that include cost effective solar geysers and grey water products that save power and water for home and business owners. The eco-friendly options are available to customers who wish to build a new house or upgrade their current homes and businesses. During the last year, Letshego also strengthened its ESG commitments by converting country ESG Policies into action with expert training, policy and guideline upgrades and the appointment of ESG Champions across country divisions. This operationalisation of Letshego's Environmental & Social Management System (ESMS) into daily operations strengthen's the Group's risk management framework and reporting of potential environmental and social risks. Identification, monitoring and potential escalation ESG and sustainability matters has also been formalised with the establishment of Letshego's Group Sustainability Committee. Further details around the Group's impact, social, environmental and governance achievements will be detailed in the Group's next annual Impact Report.

AUDITORS' REVIEW

The financial statements from which the financial information is set out in this announcement has not been audited by Ernst & Young, Letshego Group's external auditors. On completion of the audit their report will be available for inspection at the Group's registered office and on the Group's website on or before 30 April 2024.

For and on behalf of the Board of Directors:

Philip Odera
Group Chairman

21 March 2024

Aobakwe Aupa Monyatsi
Group Chief Executive

21 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2023 (Unaudited) P'000	31 Dec 2022 (Restated)* P'000	At 1 Jan 2022 (Restated)* P'000	Change %
ASSETS					
Cash and similar instruments	1	1 401 824	1 020 771	1 413 500	
Investment securities	2	866 718	692 101	859 496	
Financial assets at fair value through profit or loss	3	952 610	1 178 969	826 092	
Advances to customers	4	13 487 892	12 654 857	11 920 346	7
Insurance contract assets	5	105 549	92 150	125 344	
Other receivables	6	333 672	257 471	191 131	
Financial assets at fair value through other comprehensive income		11 038	43 107	71 499	
Income tax receivable		108 436	81 454	134 767	
Property and equipment	7	104 812	116 761	172 822	
Right-of-use assets	8	89 241	101 654	98 756	
Intangible assets	9	398 710	305 798	30 040	
Goodwill	10	30 591	31 910	67 715	
Deferred tax assets		218 999	142 685	80 990	
Total assets		**18 110 092**	**16 719 688**	**15 992 498**	**8**
LIABILITIES AND EQUITY					
Liabilities					
Financial liabilities at fair value through profit or loss	11	980 519	1 201 095	808 621	
Customer deposits	12	1 537 984	1 120 827	1 175 586	37
Cash collateral	13	15 853	18 476	21 522	
Income tax payable		116 133	82 029	81 510	
Trade and other payables	14	796 541	585 578	868 924	
Lease liabilities	15	97 972	97 953	99 646	
Borrowings	16	9 626 301	8 027 840	7 380 768	
Deferred tax liabilities		18 903	339	5 168	
Total liabilities		**13 190 206**	**11 134 137**	**10 441 745**	
Shareholders' equity					
Stated capital	17	917 909	899 571	882 224	
Hyperinflation translation adjustment**		83 920	–	–	
Foreign currency translation reserve		(662 550)	(492 653)	(557 341)	
Legal reserve		377 121	313 780	265 244	
Fair value adjustment reserve		–	(13 144)	15 248	
Share based payment reserve		34 832	42 474	39 907	
Retained earnings		3 725 823	4 366 646	4 460 033	
Total equity attributable to equity holders of the parent company		**4 477 055**	**5 116 674**	**5 105 315**	
Non-controlling interests		442 831	468 877	445 438	
Total shareholders' equity		**4 919 886**	**5 585 551**	**5 550 753**	
Total liabilities and equity		**18 110 092**	**16 719 688**	**15 992 498**	**8**

* During the financial year under review, the Group corrected a prior period error related to the computation of expected credit losses. Refer to Note 27 for the accounting implications resulting from the restatement of the Group's previously reported financial statements as a result of the error. During the year, the Group also adopted IFRS 17: *Insurance contracts* for the first time.

** During the second half of the year, the Group adopted IAS 29: *Financial Reporting in Hyperinflationary Economies* in relation to its Ghana subsidiary. The indicated amount represents the difference between the closing equity and reserves of the Ghanaian subsidiary for the previous financial year (whereby the Ghanaian local currency was considered stable and the equity and reserves balances were not restated), and the effect of translating these at the closing price index and exchange rate at the reporting date. Refer to Note 26.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	12 months ended 31 Dec 2023 (Unaudited) P'000	12 months ended 31 Dec 2022 (Restated) P'000	Change %
Interest income at effective interest rate	18	3 424 947	3 145 672	9
Interest expense at effective interest rate	19	(1 690 430)	(1 376 678)	23
Other interest expense	19.1	(12 244)	(12 524)	(2)
Net interest income		**1 722 273**	**1 756 470**	**(2)**
Fee and commission income	20	57 028	89 554	(36)
Other operating income	21	256 141	251 937	2
Insurance revenue	22	286 519	295 491	(3)
Insurance service expense	22	(85 316)	(107 625)	(21)
Insurance service result		**201 203**	**187 866**	**7**
Operating income		**2 236 645**	**2 285 827**	**(2)**
Expected credit losses	23	(456 591)	(216 076)	
Net operating income		**1 780 054**	**2 069 751**	**(14)**
Employee costs	24	(611 604)	(585 939)	4
Other operating expenses	25	(1 046 989)	(799 927)	31
Total operating expenses		**(1 658 593)**	**(1 385 866)**	**20**
Profit before taxation		**121 461**	**683 885**	**(82)**
Taxation		(270 260)	(332 311)	
(Loss)/profit for the year		**(148 799)**	**351 574**	**(142)**
Attributable to:				
Equity holders of the parent company		(201 049)	287 875	
Non-controlling interests		52 250	63 699	
(Loss)/profit for the year		**(148 799)**	**351 574**	**(142)**
Other comprehensive income, net of tax				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Foreign currency translation differences arising from foreign operations		(180 058)	75 425	
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):				
Fair value loss on financial asset designated at fair value through other comprehensive income		(43 107)	(28 392)	
Total comprehensive (loss)/income for the year		**(371 964)**	**398 607**	
Attributable to:				
Equity holders of the parent company		(414 053)	324 171	
Non-controlling interests		42 089	74 436	
Total comprehensive (loss)/income for the year		**(371 964)**	**398 607**	
Weighted average number of shares in issue during the year (millions)		2 155	2 147	
Dilution effect – number of shares (millions)		114	133	
Number of shares in issue at the end of the year (millions)		2 175	2 149	
Basic (loss)/earnings per share (thebe)		(9.3)	13.4	(169)
Diluted (loss)/earnings per share (thebe)		(8.9)	12.6	

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec 2023 (Unaudited) P'000	Year ended 31 Dec 2022 (Restated) P'000
OPERATING ACTIVITIES			
Profit before taxation		121 461	683 885
Adjustments for:			
– Interest income at effective interest rate		(3 424 947)	(3 145 672)
– Interest expense		1 702 674	1 389 202
– Amortisation, depreciation, and loss on disposals		116 508	90 029
– Impairment and write off charge – advances		609 125	362 619
– Impairment and write off (reversal)/charge – investment securities		(9 266)	36 027
– Impairment and write off charge – goodwill		–	35 805
Movement in working capital and other changes		(1 145 666)	(1 273 218)
Cash used in operations		(2 030 111)	(1 821 323)
Interest received		3 424 947	3 145 672
Interest paid		(1 690 430)	(1 376 678)
Income tax paid		(320 888)	(345 004)
Net cash flows used in operating activities		**(616 482)**	**(397 333)**
INVESTING ACTIVITIES			
Purchase of treasury bills and bonds		(165 350)	–
Proceeds from disposal of treasury bills and bonds		–	131 370
Purchase of equity securities in financial assets		(11 038)	–
Purchase of property and equipment		(26 052)	(71 520)
Purchase of intangible assets		(120 026)	(222 531)
Net cash flows used in investing activities		**(322 466)**	**(162 681)**
FINANCING ACTIVITIES			
Dividends paid to equity holders and subsidiary non-controlling interest		(388 317)	(383 723)
Repayment of principal portion of lease liabilities		(35 556)	(45 997)
Repayment of interest portion of lease liabilities		(12 244)	(12 524)
Proceeds from borrowings		3 449 546	3 425 610
Repayment of borrowings		(1 919 648)	(2 778 539)
Net cash flows generated from financing activities		**1 093 781**	**204 827**
Net movement in cash and similar instruments		154 833	(355 187)
Cash and similar instruments at the beginning of the period		994 582	1 355 294
Effect of exchange rate changes on cash and similar instruments		(15 771)	(5 525)
Cash and similar instruments at the end of the period	1	**1 133 644**	**994 582**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Hyperinflation translation adjustment* P'000	Retained earnings P'000	Share based payment reserve P'000
Balance at 1 January 2022	**882 224**	**–**	**4 421 568**	**39 907**
Adjustment on correction of error (Note 27)	–	–	38 465	–
Balance as at 1 January 2022 (restated)	**882 224**	**–**	**4 460 033**	**39 907**
Total comprehensive income for the year				
Profit for the year	–	–	287 875	–
Other comprehensive income, net of income tax				
Fair value adjustment on financial asset	–	–	–	–
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 as at 31 December 2022 (restated)	**899 571**	**–**	**4 366 646**	**42 474**
Total comprehensive income for the year				
Loss for the year	–	–	(201 049)	–
Other comprehensive income, net of income tax				
Fair value adjustment on financial asset	–	–	–	–
Foreign currency translation reserve	–	–	–	–
Hyper Inflation adjustment* (Note 26)	–	83 920	–	–
Transactions with owners, recorded directly in equity				
Allocation from legal reserve	–	–	(63 341)	–
Recognition of share based payment reserve movement	–	–	–	10 696
New shares issued from long term incentive scheme	18 338	–	–	(18 338)
Dividends paid by subsidiary to minority interests	–	–	–	–
Dividends paid to equity holders	–	–	(320 182)	–
Transfer to retained earnings	–	–	(56 251)	–
Balance at 31 December 2023 – Unaudited	**917 909**	**83 920**	**3 725 823**	**34 832**

* *During the second half of the year the Group adopted IAS 29: Financial Reporting in Hyperinflationary Economies in relation to its Ghana subsidiary. The indicated amount represents the difference between the closing equity and reserves of the Ghanaian subsidiary for the previous financial year (whereby the Ghanaian local currency was considered stable and the equity and reserves balances were not restated), and the effect of translating these at the closing price index and exchange rate at the reporting date. Refer to Note 26.*

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
15 248	**(557 341)**	**265 244**	**439 152**	**5 506 002**
–	–	–	6 286	44 751
15 248	**(557 341)**	**265 244**	**445 438**	**5 550 753**
–	–	–	63 699	351 574
(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**	**468 877**	**5 585 551**
–	–	–	52 250	(148 799)
(43 107)	–	–	–	(43 107)
–	(169 897)	–	(10 161)	(180 058)
–	–	–	–	83 920
–	–	63 341	–	–
–	–	–	–	10 696
–	–	–	–	–
–	–	–	(68 135)	(68 135)
–	–	–	–	(320 182)
56 251	–	–	–	–
–	**(662 550)**	**377 121**	**442 831**	**4 919 886**

SEGMENTAL REPORTING

For the year ended 31 December 2023

The Group's geographical operating segments are reported below:

Reportable segments 31 December 2023	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Eswatini P'000
Operating income	**652 609**	**543 276**	**475 566**	**91 178**	**112 438**
Profit/(loss) before taxation	**159 327**	**287 089**	**311 371**	**19 078**	**33 982**
Taxation – consolidated					
Loss – consolidated					
Gross advances to customers	3 845 720	3 506 060	2 542 221	507 733	628 914
Impairment provisions	(356 218)	(31 424)	(14 353)	(26 730)	(53 088)
Net advances	**3 489 502**	**3 474 636**	**2 527 868**	**481 003**	**575 826**
Total assets	**4 000 402**	**5 067 530**	**3 063 770**	**517 404**	**618 509**
Borrowings	**1 782 885**	**2 283 919**	**658 295**	**183 232**	**263 331**
Total liabilities	**2 278 883**	**3 093 005**	**1 299 354**	**205 392**	**300 161**

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	**474 781**	**320 083**	**264 490**	**39 779**	**55 928**
Taxation – consolidated					
Profit – consolidated					
Gross advances to customers	3 335 195	3 605 877	2 094 444	430 432	564 812
Impairment provisions	(125 566)	(14 592)	(10 095)	(17 097)	(34 597)
Net advances	**3 209 629**	**3 591 285**	**2 084 349**	**413 335**	**530 215**
Total assets	**3 839 752**	**4 535 745**	**2 408 945**	**424 478**	**564 534**
Borrowings	**1 802 404**	**1 895 734**	**259 818**	**62 670**	**221 105**
Total liabilities	**2 434 831**	**2 349 569**	**881 975**	**79 234**	**238 986**

* *Included in Holding Company or eliminations are intragroup charges between the Holding Company and subsidiary entities.*

	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
	132 200	**22 472**	**176 403**	**145 918**	**67 734**	**217 819**	**(400 968)**	**2 236 645**
	(37 489)	**2 297**	**24 780**	**9 557**	**15 350**	**(62 880)**	**(641 001)**	**121 461**
								(270 260)
								(148 799)
	602 407	177 103	579 435	502 204	145 898	1 308 094	–	14 345 789
	(125 003)	(2 135)	(52 350)	(75 496)	(19 685)	(101 415)	–	(857 897)
	477 404	**174 968**	**527 085**	**426 708**	**126 213**	**1 206 679**	**–**	**13 487 892**
	566 204	**190 891**	**573 140**	**627 605**	**158 544**	**1 679 328**	**1 046 765**	**18 119 092**
	365 735	**–**	**341 331**	**–**	**–**	**513 573**	**3 234 000**	**9 626 301**
	424 637	**68 394**	**357 894**	**67 480**	**46 189**	**1 323 866**	**3 724 951**	**13 190 206**

	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
	107 757	**19 948**	**158 278**	**154 456**	**81 632**	**207 446**	**(355 189)**	**2 285 827**
	5 109	**2 555**	**36 136**	**16 976**	**11 240**	**3 419**	**(546 611)**	**683 885**
								(332 311)
								351 574
	635 150	150 069	535 146	469 824	203 061	1 107 850	–	13 131 860
	(59 265)	(1 369)	(26 396)	(68 831)	(26 596)	(92 599)	–	(477 003)
	575 885	**148 700**	**508 750**	**400 993**	**176 465**	**1 015 251**	**–**	**12 654 857**
	655 665	**174 657**	**589 361**	**661 923**	**239 528**	**1 398 338**	**1 226 762**	**16 719 688**
	394 747	**–**	**322 640**	**–**	**–**	**686 142**	**2 382 580**	**8 027 840**
	440 928	**52 925**	**333 067**	**71 127**	**59 169**	**1 078 984**	**3 113 342**	**11 134 137**

SEGMENTAL REPORTING

For the year ended 31 December 2023

The Group's geographical operating segments are reported below:

Reportable segments 31 December 2023	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Eswatini P'000
Interest income at effective interest rate	787 803	564 652	659 293	104 995	147 262
Interest expense at effective interest rate	(228 107)	(252 178)	(238 189)	(14 765)	(35 765)
Other interest expense	(1 125)	(568)	(5 198)	(214)	(463)
Net interest income	**558 571**	**311 906**	**415 906**	**90 016**	**111 034**
Fee and commission income	1 081	24 476	10 860	370	–
Other operating income	92 957	5 691	48 800	792	1 404
Net insurance service result	–	201 203	–	–	–
Operating income	**652 609**	**543 276**	**475 566**	**91 178**	**112 438**

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	162	42 652	(7 740)	3 467
Net insurance service result	–	187 866	–	–	–
Operating income	**710 990**	**565 913**	**444 404**	**81 908**	**108 284**

* *Included in Holding Company or eliminations are intragroup charges between the Holding Company and subsidiary entities.*

	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
	166 525	39 085	226 715	139 032	69 448	658 497	(138 360)	3 424 947
	(58 097)	(17 488)	(52 109)	(1 450)	(3 719)	(500 766)	(287 797)	(1 690 430)
	(815)	(309)	(255)	(390)	–	(166)	(2 741)	(12 244)
	107 613	**21 288**	**174 351**	**137 192**	**65 729**	**157 565**	**(428 898)**	**1 722 273**
	12 804	821	–	2 611	613	3 392	–	57 028
	11 783	363	2 052	6 115	1 392	56 862	27 930	256 141
	–	–	–	–	–	–	–	201 203
	132 200	**22 472**	**176 403**	**145 918**	**67 734**	**217 819**	**(400 968)**	**2 236 645**

	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)	251 937
	–	–	–	–	–	–	–	187 866
	107 757	**19 948**	**158 278**	**154 456**	**81 632**	**207 446**	**(355 189)**	**2 285 827**

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

		At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Audited) P'000
1	**CASH AND SIMILAR INSTRUMENTS**		
	Cash at bank and in hand	918 697	779 699
	Statutory cash reserve	268 180	26 189
	Short term investments	214 947	214 883
		1 401 824	1 020 771
	Cash and similar instruments for the purpose of the statement of cash flows	**1 133 644**	**994 582**
2	**INVESTMENT SECURITIES**		
	Government and Corporate bonds: 2 – 5 year fixed rate notes	878 221	703 604
	Government and Corporate bonds: Above 5 year fixed rate notes	15 258	24 524
		893 479	**728 128**
	Less : Expected credit losses	(26 761)	(36 027)
		866 718	**692 101**
	Movement in expected credit losses:		
	Balance at the beginning of the year	36 027	–
	Impairment (reversal)/charge for the year	(9 266)	36 027
	Balance at the end of the year	**26 761**	**36 027**

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.

Reference is made to the audited financial statements for the year ended 31 December 2022, where it was indicated that the government of Ghana had announced a Domestic Debt Exchange Program in which an invitation to holders of domestic bonds was extended to exchange these for a set of new bonds maturing in 2027, 2029, 2032 and 2037. This resulted in the recognition of expected credit losses amounting to P12.5 million relating to the domestic bonds. At that stage, the government of Ghana was yet to announce a restructuring of US dollar denominated bonds, but the Group took a conservative approach and recognised expected credit losses amounting to P23.5 million in relation to its investment in US dollar denominated bonds. On 14 July 2023, the government of Ghana published an invitation to holders of US dollar denominated notes and bonds to exchange these for new benchmark government of Ghana bonds denominated in US dollars, maturing in August 2027 and August 2028. The Group submitted an offer to exchange US dollar denominated bonds with a face value amounting to an equivalent of P200.8 million and received new bonds from the government of Ghana in September 2023. The new bonds were exchanged at the same aggregate principal amount, plus applicable capitalised accrued and unpaid interest, but have a lower average coupon and an extended average maturity than the old bonds.

The impact of this exchange of bonds on the financial statements was assessed through the performance of an independent valuation of the new bonds and it was determined that the Group is currently holding adequate expected credit loss provisions on the bonds as at the reporting date.

	At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Audited) P'000
3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Cross currency swaps	**952 610**	**1 178 969**

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 11.

	At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Restated) P'000
4 ADVANCES TO CUSTOMERS		
Gross advances to customers	14 345 789	13 131 860
Less : Expected credit losses	(857 897)	(477 003)
– Stage 1	(118 031)	(106 909)
– Stage 2	(39 495)	(47 025)
– Stage 3	(700 371)	(323 069)
Net advances to customers	**13 487 892**	**12 654 857**
5 INSURANCE CONTRACT ASSETS		
Based on how the Group manages its cell captive insurance arrangements, it disaggregates information to provide disclosure in respect of credit life insurance and credit default insurance. The breakdown of groups of insurance contracts issued that are in an asset position is set out in the table below:		
Credit life insurance	80 497	72 168
Credit default insurance	25 052	19 982
	105 549	**92 150**

5 INSURANCE CONTRACT ASSETS (continued)

5.1 Roll-forward of net asset for insurance contracts issued

The roll-forward of the net asset for insurance contracts issued, also showing the liability for remaining coverage for the credit life insurance arrangements, is disclosed in the table below:

	Assets for remaining coverage P'000	Liabilities for remaining coverage P'000	Total P'000
At 1 January 2022	133 008	(7 663)	125 345
Insurance revenue	295 491	–	295 491
Insurance service expenses	–	(107 625)	(107 625)
Dividends received from cell captives	(306 177)	83 533	(222 644)
Effects of movement in exchange rates	794	789	1 583
At 31 December 2022	**123 116**	**(30 966)**	**92 150**
Insurance revenue	286 519	–	286 519
Insurance service expenses	–	(85 316)	(85 316)
Dividends received from cell captives	(285 020)	99 360	(185 660)
Effects of movement in exchange rates	(2 263)	119	(2 144)
At 31 December 2023	**122 352**	**(16 803)**	**105 549**

	At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Restated) P'000
6 OTHER RECEIVABLES		
Deposits and prepayments	140 898	90 421
Receivable from insurance arrangements	77 586	94 462
Withholding tax and value added tax	5 577	5 626
Deferred arrangement fees	53 484	44 128
Settlement and clearing accounts	45 193	14 834
Other receivables	10 934	8 000
	333 672	**257 471**

Due to the short – term nature of the other receivables, their carrying amounts approximate their fair value.

7 PROPERTY AND EQUIPMENT

	Carrying amount at 01 Jan 2023 P'000	Additions P'000	Transfers P'000	Disposal and written off P'000	Depreciation charge P'000	Forex translation P'000	**Carrying amount at 31 Dec 2023 P'000**
Motor vehicles	6 020	6 817	1 268	(4 633)	(3 459)	2 107	**8 120**
Computer equipment	27 634	10 353	5 201	(5 590)	(18 928)	2 076	**20 746**
Office furniture and equipment	64 687	8 882	12 093	(3 714)	(22 363)	(901)	**58 684**
Land and building	18 420	–	–	–	–	(1 158)	**17 262**
	116 761	**26 052**	**18 562**	**(13 937)**	**(44 750)**	**2 124**	**104 812**

8 RIGHT-OF-USE ASSETS

	Carrying amount at 01 Jan 2023 P'000	Additions P'000	Modifications P'000	Terminations P'000	Depreciation charge P'000	Forex translation P'000	**Carrying amount at 31 Dec 2023 P'000**
Property	101 654	15 214	12 157	(1 059)	(46 768)	8 043	**89 241**
	101 654	**15 214**	**12 157**	**(1 059)**	**(46 768)**	**8 043**	**89 241**

9 INTANGIBLE ASSETS

	Carrying amount at 01 Jan 2023 P'000	Additions P'000	Transfers P'000	Disposal P'000	Amortisation charge P'000	Forex translation P'000	**Carrying amount at 31 Dec 2023 P'000**
Computer software	18 662	22 697	86 823	–	(10 757)	602	**118 027**
Brand value	403	–	–	–	1 428	(1 831)	**–**
Core deposit	620	–	–	–	(665)	45	**–**
Work in progress	286 113	97 329	(105 385)	–	–	2 626	**280 683**
	305 798	**120 026**	**(18 562)**	**–**	**(9 994)**	**1 442**	**398 710**

10 GOODWILL

	At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Audited) P'000
Goodwill arose on the acquisition of:		
Letshego Holdings Namibia Limited	22 407	22 958
Letshego Tanzania Limited	2 163	2 221
AFB Ghana Plc	6 021	6 731
	30 591	**31 910**
Movement in goodwill:		
Balance at the beginning of the year	31 910	67 715
Impairment charge	–	(32 795)
Effect of exchange rate changes	(1 319)	(3 010)
Balance at the end of the year	**30 591**	**31 910**

The Group performs its impairment test at each reporting date by assessing 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 performed at year end using the respective entities' value-in-use to determine the recoverable amount and there were no indications of impairment for the above cash generating units.

11 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Cross currency swap (note 3)	**980 519**	**1 201 095**

12 CUSTOMER DEPOSITS

Demand accounts	288 336	60 904
Savings accounts	467 074	422 290
Call and term deposits	782 574	637 633
	1 537 984	**1 120 827**

13 CASH COLLATERAL

Cash collateral on loans and advances	**15 853**	**18 476**

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.

14 TRADE AND OTHER PAYABLES

Insurance premium payable	86 534	56 069
Payroll related accruals	20 204	23 662
Staff incentive accrual	63 570	74 300
Other accruals	22 936	20 272
Guarantee funds	423 013	318 691
Trade and other payables	139 479	73 407
Value added tax/withholding tax payable	40 805	19 177
	796 541	**585 578**

Guarantee funds relate to deposits received by the Group from a strategic partner for the funding of mobile loans in Ghana. Trade and other payables relate to unpaid invoices at the reporting date and due to their short-term nature, the carrying amount approximates their fair value.

		At 31 Dec 2023 (Unaudited) P'000	At 31 Dec 2022 (Audited) P'000
15	**LEASE LIABILITIES**		
	Lease liability	**97 972**	**97 953**
16	**BORROWINGS**		
	Commercial banks	4 752 956	4 283 243
	Note programmes	2 254 395	1 677 771
	Development financial institutions	2 618 950	2 066 826
	Total borrowings	**9 626 301**	**8 027 840**
17	**STATED CAPITAL**		
	Issued: 2,175,038,644 ordinary shares of no par value (2022: 2,149,114,056) of which 11,651,597 shares (2022: 3,989,970) are held as treasury shares.	**917 909**	**899 571**

In terms of the Group's long term incentive plan, shares of P18.3 million (December 2022: P17.3 million) vested at Group level during the year.

18 INTEREST INCOME AT EFFECTIVE INTEREST RATE

		12 Months ended 31 Dec 2023 (Unaudited) P'000	12 Months ended At 31 Dec 2022 (Audited) P'000
	Advances to customers	2 791 221	2 620 123
	Interest income on risk informal/mobile loans	228 297	96 874
	Interest income on non-risk informal/mobile loans	310 725	349 122
	Interest income from deposits with banks, including investment securities	94 704	79 553
		3 424 947	**3 145 672**
19	**INTEREST EXPENSE AT EFFECTIVE INTEREST RATE**		
	Overdraft facilities and term loans	1 379 705	1 027 556
	Interest expense on non-risk informal/mobile loans	310 725	349 122
		1 690 430	**1 376 678**
19.1	**Other interest expense**		
	Interest expense on leases	**12 244**	**12 524**
		1 702 674	**1 389 202**
20	**FEE AND COMMISSION INCOME**		
	Administration fees – lending	39 514	83 979
	Credit life insurance commission	17 514	5 575
		57 028	**89 554**

	12 Months ended 31 Dec 2023 (Unaudited) P'000	12 Months ended At 31 Dec 2022 (Audited) P'000
21 OTHER OPERATING INCOME		
Early settlement fees	56 234	60 248
Income from insurance arrangements	143 837	55 430
Mark-to-market gain on foreign currency swaps	–	8 210
Net foreign exchange gain	–	90 696
Sundry income	56 070	37 153
	256 141	**251 737**
22 NET INSURANCE SERVICE RESULT		
The following components are arising from cell captive arrangements in the Group's Namibia subsidiary:		
Insurance revenue	286 519	295 491
– Credit life	182 339	182 573
– Credit default	104 180	112 918
Insurance service expense	(85 316)	(107 625)
– Credit life	(25 753)	(34 873)
– Credit default	(59 563)	(72 752)
Net insurance financial result	**201 203**	**187 866**

Previously, the outcome of the Group's cell captive arrangements were reflected under 'Other operating income'. In accordance with IFRS 17, the comparative period (2022) has been restated to be presented in accordance with the Standard.

	12 Months ended 31 Dec 2023 (Unaudited) P'000	12 Months ended At 31 Dec 2022 (Restated) P'000
23 EXPECTED CREDIT LOSSES		
Amounts written off	201 470	368 542
Recoveries during the period	(152 534)	(146 543)
Expected credit losses reversed during the year	407 655	(5 923)
	456 591	**216 076**

	12 Months ended 31 Dec 2023 (Unaudited) P'000	12 Months ended At 31 Dec 2022 (Audited) P'000
24 EMPLOYEE COSTS		
Salaries and wages	520 006	454 637
Staff incentive	35 126	61 734
Staff recruitment costs	1 283	1 096
Staff pension fund contribution	35 986	38 282
Directors' remuneration – for management services (executive)	8 507	10 276
Long term incentive plan	10 696	19 914
	611 604	**585 939**

	12 Months ended 31 Dec 2023 (Unaudited) P'000	12 Months ended At 31 Dec 2022 (Audited) P'000
25 OTHER OPERATING EXPENSES		
Accounting and secretarial fees	229	227
Advertising	33 182	40 441
Audit fees	8 418	7 358
– Audit services	8 124	7 191
– Other services	294	167
Bank charges	12 236	8 859
Computer expenses	25 304	9 755
Consultancy fees	82 054	56 163
Corporate social responsibility	2 462	1 961
Collection commission	101 057	72 159
Direct costs	16 978	29 343
Direct costs – informal loans	56 763	36 142
Depreciation and amortisation	54 744	48 622
Depreciation – right of use assets	46 768	41 407
Directors' fees – non executive	6 920	9 985
Directors' fees – subsidiary boards	8 995	8 184
Government levies	26 418	22 673
Impairment of goodwill	–	32 795
Insurance	18 959	17 989
Loss on net monetary position*	149 905	–
Insurance Fees – customer short term	42 534	60 074
Office expenses	30 105	24 638
Short term leases	8 521	6 862
Rental expense for low value assets	471	849
Other operating expenses	174 600	155 639
– Entertainment	627	531
– IT costs	3 563	505
– Net foreign exchange loss	52 078	–
– Mark to market loss on foreign currency swaps	9 345	–
– Motor vehicle expenses	10 046	11 715
– Printing and Stationery	9 140	6 775
– Repairs and Maintenance	10 001	10 250
– Storage costs	3 912	3 324
– Subscriptions and licenses	38 314	27 179
– Other expenses	37 574	95 360
Payroll administration costs	1 203	2 131
Professional fees	83 820	46 704
Telephone and postage	30 859	36 536
Travel	23 484	22 431
	1 046 989	**799 927**

* The Group adopted IAS 29 *Financial Reporting in Hyperinflationary Economies* in relation to its Ghana subsidiary. The above relates to the difference between the historical cost amounts and the result from the restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of any index-linked items to year end purchasing power.

26 IMPACT OF IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

During the second half of the year the Group classified Ghana as a hyperinflationary economy. This was following a number of professional organisations outside of Ghana, including global accounting firms, having assessed the economy of Ghana to be considered as hyperinflationary as at 31 December 2023 and thereafter. Consequently, for Group reporting purposes, the financial statements of Letshego Ghana Savings and Loans PLC were adjusted in accordance to IAS 29 *Financial Reporting in Hyperinflationary Economies*.

The restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of any index-linked items to the measuring unit current at the reporting date in the Ghana subsidiary resulted in the Group's loss for the year ended 31 December 2023 increasing by P130.4 million as illustrated in the table below:

	Historical Cost for the year ended 31 Dec 2023 P'000	Impact of IAS 29 Restatements P'000	Inflation Adjusted for the year ended 31 Dec 2023 P'000
Operating income	2 187 414	49 231	2 236 645
Expected credit losses	(459 743)	3 152	(456 591)
Net operating income	**1 727 671**	**52 383**	**1 780 054**
Employee costs	(609 900)	(1 704)	(611 604)
Other operating expenses	(867 924)	(29 160)	(897 084)
Net monetary loss	–	(149 905)	(149 905)
Total operating expenses	**(1 477 824)**	**(180 769)**	**(1 658 593)**
Profit before taxation	**249 847**	**(128 386)**	**121 461**
Taxation	(268 290)	(1 970)	(270 260)
Loss for the year	**(18 443)**	**(130 356)**	**(148 799)**

Hyperinflation translation adjustment:	**P'000**
Ghana subsidiary equity and reserves at historical cost (A)	**283 794**
Ghana subsidiary equity and reserves at inflation adjusted amount (B)	**367 714**
Adjustment related to hyperinflation translation (B-A)	**83 920**

The Group has elected to recognise the indicated hyperinflation translation adjustment directly into equity.

27 CORRECTION OF PRIOR PERIOD EXPECTED CREDIT LOSSES ERROR

During the financial years 2019 to 2022, the calculation of the Expected Credit Loss Allowance at the previous reporting dates incorrectly included a discount factor to Stage 3 exposures at default. Since the default date for Stage 3 exposures has already occurred, no discount factor should therefore be applied to Stage 3 exposures at default to calculate the Expected Credit Loss Allowance at a reporting date.

This error was corrected retrospectively in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors are as follows:

	31 Dec 2022 P'000	At 1 Jan 2022 P'000
Impact on equity		
(Decrease)/increase in Net Advances to customers	(72 618)	44 751
Increase/(decrease) in Deferred tax assets	13 603	(14 758)
Total assets	**(59 015)**	**29 993**
(Increase)/decrease in Income tax payable	(13 603)	14 758
Total liabilities	**(13 603)**	**14 758**
Net (decrease)/increase in equity	**(72 618)**	**44 751**

	At 31 Dec 2022 P'000
Impact on Statement of Profit or Loss and Other Comprehensive Income	
Increase in Expected credit losses	(117 370)
Decrease in Current tax expense	28 361
Increase in Deferred tax credit	(28 361)
Net decrease in profit for the year	**(117 370)**
Attributable to:	
Equity holders of the parent	(114 028)
Non-controlling interest	(3 342)
	(117 370)
Impact on Basic and Diluted Earnings per Share	
Decrease in Basic earnings per share (thebe)	(5.31)
Decrease in Diluted earnings per share (thebe)	(5.00)

The error had no impact on the Group's OCI as reflected in its consolidated statement of profit or loss and other comprehensive income and its consolidated statement of cash flows

RATIOS

	31 Dec 2023 (Unaudited)	31 Dec 2022 (Restated)
Return on average assets (%)	(0.9)	2
Return on average equity (%)	(3)	6
Cost to income ratio (%)	74	61
Debt to equity ratio (%)	183	144

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