

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**(incorporated in the Republic of Namibia)**

**Registration number: 2016/0145**

**ISIN: NA000A2DVV41**

**SHARE CODE (NSX): LHN**

**UNAUDITED AND UNREVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS**  
**for the year ended 31 December 2020**

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**UNAUDITED AND UNREVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS**  
**for the year ended 31 December 2020**

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Registration number:	2016/0145
Registered address:	18 Schwerinsburg Street P. O. Box 11600 Windhoek Namibia
Company Secretary:	Chriszelda Gontes Letshego Holdings Namibia 18 Schwerinsburg Street Windhoek Namibia
Auditor:	PricewaterhouseCoopers P. O. Box 1571 Windhoek, Namibia
Sponsoring Broker:	IJG Securities (Pty) Limited P. O. Box 186 Windhoek, Namibia
Transfer Secretary:	Transfer Secretaries (Pty) Limited P. O. Box 2401 Windhoek, Namibia

**CONTENTS**

	<b>Page</b>
Directors' responsibility statement	2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the condensed consolidated financial statements	7-17

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**UNAUDITED AND UNREVIEWED PROVISIONAL CONDENSED FINANCIAL RESULTS**  
**DIRECTORS' RESPONSIBILITY STATEMENT**  
**for the year ended 31 December 2020**

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The directors are responsible for the preparation and fair presentation of the condensed consolidated financial statements of Letshego Holdings (Namibia) Limited, comprising the condensed statement of financial position at 31 December 2020, and the related condensed statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and the group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**Approval of the condensed annual financial statements**

The condensed consolidated annual financial statements of Letshego Holdings (Namibia) Limited, as identified in the first paragraph, set out on pages 3 to 17, were approved by the directors on 3 March 2021 and signed on their behalf by:

  
**Maryvonne Palanduz**  
Chairperson

  
**Ester Kali**  
Chief Executive Officer

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2020**

	Notes	31 December 2020 (Unaudited) N\$ '000	31 December 2019 (Restated unaudited) N\$ '000	1 January 2019 (Restated unaudited) N\$ '000
<b>ASSETS</b>				
Cash and cash equivalents	1	468,252	147,586	750,860
Government and other securities	2	-	13,979	-
Other receivables	3.1	202,704	202,409	131,288
Advances to customers	4	3,620,987	2,935,341	2,555,622
Current taxation <sup>1</sup>	8.4	77,506	77,214	52,249
Property, equipment and right-of-use assets	5	22,243	31,672	9,644
Deferred tax assets <sup>2</sup>	8.3	14,760	17,826	9,713
<b>Total assets</b>		<b>4,406,452</b>	<b>3,426,027</b>	<b>3,509,376</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits due to customers	11	187,893	43,361	74,749
Trade and other payables	6	149,436	51,510	51,381
Lease liabilities	7	11,162	14,207	-
Borrowings	9	842,465	290,772	341,051
Amounts due to parent company <sup>1</sup>	10	587,411	617,197	922,929
Deferred tax liabilities <sup>2</sup>	8.3	9,029	18,959	14,015
<b>Total liabilities</b>		<b>1,787,396</b>	<b>1,036,006</b>	<b>1,404,125</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	12	100	100	100
Retained earnings <sup>1</sup>		1,700,579	1,471,668	1,187,970
Capital reorganisation reserve		701,024	701,024	701,024
Equity settled share based payment reserve		2,268	2,144	1,072
		<b>2,403,971</b>	<b>2,174,936</b>	<b>1,890,166</b>
Non-controlling interest <sup>1</sup>		215,085	215,085	215,085
<b>Total equity</b>		<b>2,619,056</b>	<b>2,390,021</b>	<b>2,105,251</b>
<b>Total liabilities and equity</b>		<b>4,406,452</b>	<b>3,426,027</b>	<b>3,509,376</b>

**1** During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

**2** The net of the Group's deferred tax assets and liabilities was previously presented under a single line item. During the year, the Group has disclosed the deferred tax assets and the deferred tax liabilities separately.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2020

	Notes	31 December 2020 (Unaudited) N\$'000	31 December 2019 (Restated unaudited) N\$'000
Interest income	17	625,705	625,198
Interest expense <sup>1</sup>	17	<u>(98,748)</u>	<u>(110,011)</u>
Net interest income		526,957	515,187
Credit impairment (charge)	16	<u>(31,278)</u>	<u>(9,236)</u>
Net interest income after impairment		495,679	505,951
Fee income	18	6,798	2,102
Other operating income	19	167,757	229,999
Employee benefits	14	(70,430)	(63,889)
Other operating expenses	15	<u>(164,305)</u>	<u>(149,954)</u>
<b>Operating profit before taxation</b>	13	435,499	524,209
Taxation <sup>1</sup>	8.1	<u>(94,087)</u>	<u>(123,011)</u>
<b>Profit for the year</b>		341,412	401,198
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>341,412</u></u>	<u><u>401,198</u></u>
Basic earnings per share (cents)		-	-
Fully diluted earnings per share (cents)		-	-

<sup>1</sup> During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

	Share capital NS'000	Equity settled share based payment reserve NS'000	Retained earnings NS'000	Capital reorganisation reserve NS'000	Ordinary shareholders' reserve NS'000	Non-controlling interest <sup>2</sup> NS'000	Total equity NS'000
<b>Restated as at 1st January 2020<sup>1</sup></b>	<b>100</b>	<b>2,144</b>	<b>1,471,668</b>	<b>701,024</b>	<b>2,174,936</b>	<b>215,085</b>	<b>2,390,021</b>
<b>Total comprehensive income for the period</b>							
Profit and total comprehensive income for the year	-	-	341,412	-	341,412	-	341,412
<b>Transactions with equity holders, recorded directly in equity</b>							
Ordinary share dividend paid	-	-	-	-	-	-	-
Preference share dividend paid	-	-	(112,500)	-	(112,500)	-	(112,500)
Preference shares redeemed	-	-	-	-	-	-	-
Transfer between reserves <sup>2</sup>	-	-	-	-	-	-	-
Share based payment transactions	-	124	-	-	124	-	124
<b>As at 31 December 2020</b>	<b>100</b>	<b>2,268</b>	<b>1,700,580</b>	<b>701,024</b>	<b>2,403,972</b>	<b>215,085</b>	<b>2,619,057</b>
<b>As at 1st January 2019</b>	<b>100</b>	<b>1,072</b>	<b>1,162,815</b>	<b>701,024</b>	<b>1,865,011</b>	<b>1,010,343</b>	<b>2,875,354</b>
Correction of error <sup>1</sup>			25,155		25,155	(795,258)	(770,103)
<b>Restated balance at 1st January 2019</b>	<b>100</b>	<b>1,072</b>	<b>1,187,970</b>	<b>701,024</b>	<b>1,890,166</b>	<b>215,085</b>	<b>2,105,251</b>
<b>Total comprehensive income for the period</b>							
Restated profit and total comprehensive income for the period	-	-	401,198	-	401,198	-	401,198
<b>Transactions with equity holders, recorded directly in equity</b>							
Ordinary share dividend paid	-	-	(117,500)	-	(117,500)	-	(117,500)
Preference share dividend paid	-	-	-	-	-	-	-
Preference shares issued	-	-	-	-	-	-	-
Preference shares redeemed	-	-	-	-	-	-	-
Share based payment transactions	-	1,072	-	-	1,072	-	1,072
<b>Restated as at 31 December 2019<sup>1</sup></b>	<b>100</b>	<b>2,144</b>	<b>1,471,668</b>	<b>701,024</b>	<b>2,174,936</b>	<b>215,085</b>	<b>2,390,021</b>

<sup>1</sup> During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

<sup>2</sup> The Non-controlling interest relates to the preference share holders who do not share in the profit. As at 31 December 2020, the balance is made up of NS215,084,843 irredeemable, non cumulative preference shares (2019: NS215,084,843).

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2020**

	Notes	31 December 2020 N\$'000	31 December 2019 N\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating profit before taxation<sup>1</sup></b>		<b>435,499</b>	524,209
<u>Adjusted for:</u>			
- Net interest income <sup>1</sup>	17	<b>(526,957)</b>	(515,187)
- Depreciation	5	<b>15,107</b>	12,856
- Indirect Taxation		<b>(8,035)</b>	-
- Profit on disposal of plant and equipment	19	<b>(11)</b>	-
- Impairment allowance on advances	16	<b>31,278</b>	5,945
- Equity settled share based payment transactions		<b>124</b>	1,072
Movement in government and other securities	2	<b>13,979</b>	(13,979)
Movement in advances to customers	4	<b>(716,200)</b>	(385,665)
Movement in other receivables	3.1	<b>(295)</b>	(71,121)
Movement in trade and other payables	6	<b>97,926</b>	(619)
Movement in customer deposits	11	<b>144,532</b>	(31,388)
		<b>(513,053)</b>	(473,876)
Interest received		<b>614,625</b>	625,198
Interest paid - customer deposits	17	<b>(4,766)</b>	(5,794)
Interest paid - Borrowings	17	<b>(92,280)</b>	-
Tax paid	8.4	<b>(86,147)</b>	(151,144)
<b>Net cash flow from operating activities</b>		<b>(81,622)</b>	(5,617)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment (excluding to right-of-use assets)	5	<b>(2,950)</b>	(17,116)
<b>Net cash (used in) / from investing activities</b>		<b>(2,950)</b>	(17,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Intercompany payables during the year <sup>1</sup>		-	(330,000)
Ordinary share dividend paid		<b>(112,500)</b>	(117,500)
Interest paid - Intercompany payables <sup>1</sup>		-	(65,932)
Borrowings received	9	<b>605,000</b>	100,000
Borrowings repaid	9	<b>(50,000)</b>	(150,279)
Repayment of Amounts due to parent company		<b>(29,786)</b>	99,553
Interest paid - borrowings and lease liabilities	17	<b>(1,703)</b>	(30,823)
Repayments of intercompany loans		-	(82,000)
Principal element of lease payments		<b>(5,773)</b>	(3,561)
<b>Net cash generated from financing activities</b>		<b>405,238</b>	(580,542)
<b>Net movement in cash and cash equivalents</b>		<b>320,666</b>	(603,275)
<b>Movement in cash and cash equivalents</b>			
At the beginning of the year		<b>147,586</b>	750,860
Movement during the year		<b>320,666</b>	(603,275)
<b>At the end of the period</b>	1	<b>468,252</b>	147,586

<sup>1</sup> During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2020

	<b>31 December 2020</b>	31 December 2019
	<b>N\$ '000</b>	N\$ '000
<b>1. Cash and cash equivalents</b>		
Cash and balances with banks	<b>402,517</b>	77,953
Money market placements	<b>1</b>	21,524
Balances with the central bank other than mandatory reserve deposits	<b>58,879</b>	47,538
Included in cash and cash equivalents	<b>461,397</b>	147,016
Mandatory reserve deposits with the central bank	<b>6,855</b>	570
	<b>468,252</b>	147,586

Money market placements constitute amounts held in money market unit trust with external financial institutions on a short-term basis. These placements are highly liquid, readily convertible and have an insignificant risk of change in value.

For the purpose of the statement of cash flows, the period-end cash and cash equivalents comprise the following:

Bank balances	<b>457,590</b>	142,125
Cash on hand	<b>10,662</b>	5,461
	<b>468,252</b>	147,586

Due to the short term nature of cash and cash equivalents as well as historical experience, these balances measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

At period-end, the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets. There are no restrictions or pledges on cash and cash equivalents as at the reporting date.

**2. Government and other securities**

Treasury bills	-	13,980
Gross financial assets at amortised cost	-	13,980
Less expected credit loss allowance	-	(1)
Net financial assets at amortised cost	-	13,979
Current	-	13,979
Non-current	-	-
Gross financial assets at amortised cost	-	13,979

Due to the short term nature of these financial assets at amortised cost as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

**3. Receivables**

**3.1 Other receivables**

Financial Instrument		
- Profit share receivable from cell captive	<b>168,497</b>	132,767
- Deposits	<b>6,817</b>	8,588
- Sundry receivables	<b>6,407</b>	46,825
Non-financial Instrument		
- Deferred fees	<b>12,205</b>	6,830
- Prepayments	<b>8,777</b>	7,399
	<b>202,704</b>	202,409

At year end, the carrying amounts of accounts receivable approximate closely to their fair values due to the short-term maturities of these assets.

Due to the short term nature of other receivables as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.



LETSHEGO HOLDINGS (NAMIBIA) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	31 December 2020 NS '000	31 December 2019 NS '000
<b>4. Advances to customers</b>		
Gross advances to customers	3,679,619	2,963,419
Less: Impairment allowance on advances	(58,632)	(28,078)
Net advances to customers	<u>3,620,987</u>	<u>2,935,341</u>
<b>Impairment allowance on advances</b>		
Balance at the beginning of the period	28,078	22,133
Impairment adjustment - increase for the period	30,554	5,945
Balance at the end of the period	<u>58,632</u>	<u>28,078</u>
The balance at the end of the period consists of the following:		
Stage 1 impairment	22,771	21,051
Stage 2 - 3 impairment	<u>35,861</u>	<u>7,027</u>
	<u>58,632</u>	<u>28,078</u>
<b>Charges in the profit or loss</b>		
Amounts written off	137,884	105,672
Recoveries during the period	(106,606)	(96,437)
	<u>31,278</u>	<u>9,236</u>

**5. Property, equipment and right-of-use assets**

	Furniture and fittings NS '000	Office equipment NS '000	Computer equipment NS '000	Motor vehicles NS '000	Leasehold Improvements NS '000	Right-of-use asset - Buildings NS '000	Total NS '000
<b>At 31 December 2020</b>							
Cost	5,125	6,900	35,251	482	4,917	20,496	73,170
Accumulated depreciation	(4,296)	(5,530)	(26,239)	(418)	(3,255)	(11,190)	(50,927)
Carrying amount	<u>828</u>	<u>1,370</u>	<u>9,012</u>	<u>64</u>	<u>1,662</u>	<u>9,306</u>	<u>22,243</u>
<b>At 31 December 2020</b>							
Opening carrying amount at 1 January 2020	1,203	1,612	14,009	149	1,534	13,164	31,672
Additions	39	508	1,621	-	781	2,728	5,678
Depreciation charge	(414)	(750)	(6,618)	(85)	(653)	(6,587)	(15,107)
Carrying amount	<u>828</u>	<u>1,370</u>	<u>9,012</u>	<u>64</u>	<u>1,662</u>	<u>9,306</u>	<u>22,243</u>
<b>At 31 December 2019</b>							
Cost	5,085	6,391	33,629	482	4,136	17,768	67,492
Accumulated depreciation	(3,882)	(4,779)	(19,620)	(333)	(2,602)	(4,603)	(35,820)
Carrying amount	<u>1,203</u>	<u>1,612</u>	<u>14,009</u>	<u>149</u>	<u>1,534</u>	<u>13,164</u>	<u>31,672</u>
<b>At 31 December 2019</b>							
Opening carrying amount at 1 January 2019	747	1,775	5,690	270	1,162	-	9,644
IFRS 16 initial adoption adjustment	-	-	-	-	-	13,921	13,921
Restated net opening amount	747	1,775	5,690	270	1,162	13,921	23,565
Additions	926	922	14,194	-	1,074	3,846	20,963
Depreciation charge	(470)	(1,085)	(5,875)	(121)	(702)	(4,603)	(12,856)
Carrying amount	<u>1,203</u>	<u>1,612</u>	<u>14,009</u>	<u>149</u>	<u>1,534</u>	<u>13,164</u>	<u>31,672</u>

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>6. Trade and other payables</b>		
Financial Instrument		
- Trade payables	55,812	25,377
- Accruals	518	4,903
- Other payables	75,413	2,338
Non-financial Instrument		
- Audit fee provision	1,172	1,150
- Personnel related	12,737	12,371
- Value Added Taxation	113	3,724
- Withholding Tax	3,670	1,646
	<b>149,436</b>	<b>51,509</b>
<b>7. Lease liabilities</b>		
<i>Amounts recognised in the statement of financial position</i>		
Current lease liabilities	5,462	4,679
Non-current lease liabilities	5,700	9,528
	<b>11,162</b>	<b>14,207</b>
<i>Reconciliation of lease liabilities</i>		
Opening balance	14,207	-
IFRS 16 initial adoption adjustment	-	13,921
Additions/modification	3	3,846
Interest expense	2	1,602
Payments	(3,049)	(5,162)
Closing balance	<b>11,162</b>	<b>14,207</b>
There were additions of N\$2,728,236 to right-of-use assets during the 2020 financial year.		
<i>Amounts recognised in the statement of comprehensive income</i>		
Depreciation charge on right-of-use assets - Buildings	-	4,603
Interest expense on lease liabilities	1,703	1,602
	<b>1,703</b>	<b>6,205</b>
<b>8. Taxation</b>		
<b>8.1 Income tax expense</b>		
Current tax expense	100,952	149,666
Correction of error*	-	(23,486)
Deferred tax (income)/expense :		
- Origination and reversal of temporary differences	(6,865)	(3,169)
<b>Total Income tax expense</b>	<b>94,087</b>	<b>123,011</b>
* During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.		
<b>8.2 Reconciliation of current taxation</b>		
Profit before taxation	435,499	524,209
Tax calculated at standard rate - 32%	139,360	167,747
Income not subject to tax - dividends	(46,822)	(46,519)
Non-deductible expenses	1,549	1,783
	<b>94,087</b>	<b>123,011</b>
<b>Effective tax rate</b>	<b>21.60%</b>	<b>23.47%</b>

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>8.3 Deferred taxation</b>		
The Group has disclosed the deferred tax assets and the deferred tax liabilities separately.		
<b>Deferred tax assets</b>		
<i>The balance comprises:</i>		
- Provisions	13,354	15,290
- Share based payments	784	686
- Income received in advance	622	1,850
	<u>14,760</u>	<u>17,826</u>
<i>Deferred tax assets reconciliation</i>		
Deferred tax assets balance at the beginning of the year	17,826	9 713
Originating temporary differences for the year - Provisions	(1,936)	6 916
Originating temporary differences for the year - Share based payments	98	285
Originating temporary differences for the year - Income received in advance	(1,228)	912
Deferred tax assets balance at the end of the year	<u>14,760</u>	<u>17,826</u>
Deferred tax assets balance		
- Current	7,176	8,648
- Non-current	7,585	9 178
	<u>14,760</u>	<u>17,826</u>
<b>Deferred tax liabilities</b>		
<i>The balance comprises:</i>		
- Property, equipment and right-of-use assets	(4,615)	(6,192)
- Prepayments and deferred expenses	(1,207)	(3,244)
- Effective Interest Rate (EIR) adjustment	-	(9,523)
- Deferred Direct Sales commission	(3,207)	-
	<u>(9,029)</u>	<u>(18,959)</u>
<i>Deferred tax liabilities reconciliation</i>		
Deferred tax liabilities balance at the beginning of the year	(18,959)	(14,015)
Originating temporary differences for the year - Property, equipment and right-of-use assets	1,577	(4,824)
Originating temporary differences for the year - Prepayments and deferred expenses	2,037	(185)
Originating temporary differences for the year - EIR adjustment	9,523	66
Originating temporary differences for the year - Deferred Direct Sales commission	(3,207)	-
Deferred tax liabilities balance at the end of the year	<u>(9,029)</u>	<u>(18,959)</u>
Deferred tax liabilities balance		
- Current	(3,277)	(6,297)
- Non-current	(5,752)	( 12 662)
	<u>(9,029)</u>	<u>(18,959)</u>

Deferred income taxes for the Company and Group are calculated on all the temporary timing differences under the comprehensive method using a tax rate of 32% (2019: 32%) except where the initial recognition exemption applies. The profit or loss debits/credits are the result of timing differences between the accounting and tax treatments of items recognised in the statement of financial position.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised based on the assumption that the company will continue producing a taxable income in the foreseeable future against which it can be set off.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>8.4 Current taxation</b>		
Opening balance (asset)	(77,213)	(22,347)
Correction	-	(29,902)
Restated Balance	(77,213)	(52,249)
Charge to profit or loss (restated)	85,855	126,180
Payments made during the period	(86,147)	(151,144)
<b>Taxation (asset)</b>	<b>(77,506)</b>	<b>(77,213)</b>
<b>9. Borrowings</b>		
First National Bank of Namibia Loan 1	-	-
First National Bank of Namibia Loan 2	512,465	65,772
Loan 1 from First National Bank of Namibia is guaranteed by Letshego Holdings Limited and bears interest at Namibia prime less 0.3%. The loan is repayable in quarterly instalments and matures on 28 June 2021.		
Loan 2 from First National Bank of Namibia is unsecured and bears interest at Namibia prime. The loan is repayable in quarterly instalments and matures on 03 March 2021.		
Standard Bank Namibia Limited Loan	330,000	225,000
The loan from Standard Bank Namibia Limited is guaranteed by Letshego Holdings Limited and bears interest at 3 month JIBAR plus 4%. Interest on the loan is repayable quarterly and the loan matures on 31 December 2020.		
<b>Total borrowings</b>	<b>842,465</b>	<b>290,772</b>
- Current	512,465	280,772
- Non-current	330,000	10,000
	<b>842,465</b>	<b>290,772</b>
<b>10. Amounts due to parent company</b>		
<b>10.1</b> Amounts due to parent company - Letshego Holdings Limited	<b>585,750</b>	<b>617,197</b>
Reconciliation of Amounts due to parent company:		
Opening balance	614,295	123,399
Correction error*	-	799,530
Restated balance	614,295	922,929
Movement in the current year	(28,545)	(308,634)
Closing balance	585,750	614,295

The loan from Letshego Holdings Limited is unsecured and interest is calculated monthly in arrears at a variable rate of Namibia prime plus 2%. The loan is repayable in variable instalments and matures on 30 November 2024.

\* During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>10. Amounts due to parent company (continue)</b>		
<b>10.2</b> Intercompany payable - Erf 8585 (Pty) Ltd	<b>1,661</b>	2,902
<p>The intercompany loan with Erf 8585 (Pty) Ltd is unsecured and currently does not bear interest and has no fixed repayment terms. At year end, the carrying amount of the intercompany payable approximates closely to its fair value due to the short-term nature of the balance.</p>		
<b>Total amounts due to parent company</b>	<b>587,411</b>	617,197
<b>11. Deposits due to customers</b>		
Current accounts	102,609	32,824
Term deposits	85,284	10,537
<b>Total deposits due to customers</b>	<b>187,893</b>	43,361
<b>12. Share capital</b>		
<i>Authorised share capital</i>		
500 000 000 ordinary shares of 0.02 cents each (2018: 500 000 000 ordinary shares of 0.02 cents each)	<b>100</b>	100
<i>Issued share capital</i>		
500 000 000 ordinary shares of 0.02 cents each (2018: 500 000 000 ordinary shares of 0.02 cents each)	<b>100</b>	100
<b>13. Profit before taxation</b>		
The following items have been recognised in arriving at profit before taxation:		
Advertising and promotions	2,130	848
Auditors' remuneration	2,278	2,369
Consultancy costs - professional services	10,195	7,569
Computer services costs	3,349	2,295
Depreciation	-	12,856
Directors' emoluments		
- for services as director	1,585	1,822
Rental - low value and short-term leases	2,602	2,358
Employee benefit expense	70,430	86,828
<b>14. Employee benefit expense</b>		
Salaries	44,393	37,047
Key management personnel	8,949	9,755
Pension fund contributions	4,788	4,263
Medical aid contributions	3,228	2,585
Social security	154	145
Incentive bonuses	8,913	10,071
Staff training and welfare	5	22,962
	<b>70,430</b>	86,828

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**
**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>15. Operating expenses by nature</b>		
Sales related expense	10,055	10,048
Auditors remuneration - audit services	2,278	2,369
Collection fees	29,104	37,177
Consulting and secretarial	10,195	7,569
Management fees	35,263	34,739
Depreciation (Note 5)	15,107	12,856
Directors' remuneration - for services as directors	1,585	1,822
Computer related expenses	3,349	2,295
Office rental	2,602	2,358
Travel and accommodation	1,472	2,519
Social responsibility projects	1,348	1,164
Telephone & Fax	3,650	2,918
Guarantee fees	8,096	4,670
Subscriptions	11,057	7,866
VAT expense	7,510	9,652
Other operational expenses	21,109	9,932
Withholding Tax - Management Fees	525	-
	<b>164,305</b>	<b>149,954</b>
<b>16. Credit Impairment (release) / charge</b>		
Amounts written off	107 320	99 720
Recoveries during the year	( 106 606)	( 96 437)
Impairment adjustment	30 564	5 953
	<b>31 278</b>	<b>9 236</b>
<b>17. Finance income and costs</b>		
Interest income calculated using the effective interest income method - Advances to customers	620,240	599,896
<i>Other interest income:</i>		
- Interest received on short term bank deposits	5,465	25,302
Total interest income calculated using the effective interest income method	625,705	625,198
<i>Interest paid:</i>	(98,749)	(110,011)
- Borrowings	(32,555)	(29,221)
- Deposits due to customers	(4,766)	(5,794)
- Lease liabilities	(1,703)	(1,602)
- Shareholder's loan - LHL	(59,725)	(73,394)
Net interest income	<b>526,956</b>	<b>515,187</b>
<b>18. Fee income</b>		
Postage fees	145	361
Fees and commission earned from services to customers	6,653	1,741
	<b>6,798</b>	<b>2,102</b>
<b>19. Other operating income</b>		
Dividend income - cell captive	167,746	229,999
Profit on disposal of plant and equipment	11	-
	<b>167,757</b>	<b>229,999</b>

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

	<b>31 December 2020 N\$ '000</b>	31 December 2019 N\$ '000
<b>20. Related party transactions</b>		
<b>Interest paid to related parties</b>		
Letshego Holdings Limited*	<u>59,725</u>	<u>73,394</u>
<b>Rent paid to related parties</b>		
Erf Eight Five Eight Five (Proprietary) Limited	<u>2,462</u>	<u>1,388</u>
<b>Guarantee fees paid to related parties</b>		
Letshego Holdings Limited	<u>8,096</u>	<u>4,670</u>
<b>Management fees paid to related parties</b>		
Letshego Holdings Limited	<u>35,263</u>	<u>34,739</u>

\* During the year, the group restated the Preference Shares in Letshego Micro Financial Services Namibia Ltd (LMFSN) back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN. Refer to Note 24 for more detail.

**21. Segment information**

The Group considers its banking and other financial services operations as one operating segment. There are no other components. This is in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Chief Executive Officer of the Group. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking and other financial services operation, the Chief Executive Officer reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activity, which have been disclosed in the various notes to the consolidated financial statements.

**21.1 Entity-wide disclosures**

**21.1.1 Products and Services**

**Operating segment**

- Banking operations

**Brand**

- Letshego

**Description**

- Regulated financial services provider, focusing on the low to middle income earners in the Namibia.

**Products and services**

- Letshego conducts business as a registered bank and provides micro-lending services.

**21.1.2 Geographical segments**

There are no segment operations outside Namibia as the group operates within the borders of Namibia.

**21.1.3 Major customers**

Segment reporting requires the disclosure of an entity's reliance on its major customers, if revenue from transactions with a single customer is ten percent or more of the entity's revenue. The group does not have customers that contribute ten percent or more to its revenue and is therefore not reliant on a single major customer.

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2020

**22. Events occurring after the reporting date**

The notice pertaining to dividends will be made at the time of release of the audited financial statements for the year ended 31 December 2020.

**23. Fair value measurement of financial instruments**

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable

	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>amount</b>
<b>2020 - <u>GROUP</u></b>				<b>N\$ '000</b>
<b>Financial assets</b>				
Net advances	-	3,620,987	3,620,987	3,620,987
<b>Total</b>	<u>-</u>	<u>3,620,987</u>	<u>3,620,987</u>	<u>3,620,987</u>
<b>Financial liabilities</b>				
Borrowings	-	842,465	842,465	842,465
Amounts due to parent company	-	587,411	587,411	587,411
<b>Total</b>	<u>-</u>	<u>1,429,876</u>	<u>1,429,876</u>	<u>1,429,876</u>
	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>amount</b>
<b>2019 - <u>GROUP</u></b>				<b>N\$ '000</b>
<b>Financial assets</b>				
Net advances	-	2,935,341	2,935,341	2,935,341
<b>Total</b>	<u>-</u>	<u>2,935,341</u>	<u>2,935,341</u>	<u>2,935,341</u>
<b>Financial liabilities</b>				
Borrowings	-	290,772	290,772	290,772
Amounts due to parent company	-	617,197	617,197	617,197
<b>Total</b>	<u>-</u>	<u>907,969</u>	<u>907,969</u>	<u>907,969</u>



**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2020**

**24. Prior Year Restatement**

Letshego Holdings Limited (LHL) is the majority shareholder of LHN, with a shareholding of 78%. LHN in turn has two wholly- owned subsidiaries, Letshego Micro Financial Services Namibia Ltd (LMFSN) and Letshego Bank Namibia (LBN).

In August 2011, LHL granted a shareholder loan to LMFSN of N\$600 million, increasing the loan amount over the years. On 1 March 2018, in order to support the growth of the Namibian business, LHL made a decision to convert the outstanding shareholder loan of N\$897.1 million into 1000 redeemable non-cumulative preference shares of N\$1.00 each, at par value plus a premium.

During 2019, it was determined that the conversion had not been completed in accordance with the Companies Act 2004 and the Listing Requirements of the Namibia Stock Exchange, thereby making the transaction irregular and therefore null and void.

The Group sought external legal counsel to assess the options available and the way forward on this transaction. Two alternatives were given, as follows:

1. regularise and validate the conversion through the court process.

2. maintain the conversion as null and void and therefore reverse the transaction from the date of conversion. This would entail reinstating the shareholder loan retrospectively from 1 March 2018.

Following deliberations and consultation the LHL, LHN and LMFSN Board opted to reverse the transaction and restate the LHN and LHL company financial statements for the years 2018 and 2019.

The restatement entails recalculation of interest on the loan from 1 March 2018 and adjusting for the difference between loan interest and coupon on the preference shares, as well as adjusting for the difference in the tax treatment of the two financial instruments. The effect of the restatement on the LHN consolidated financial statements is shown below:

Statement of financial position - extract	At 31 December 2018	Increase / (Decrease)	At 31 December 2018	At 31 December 2019	Increase / (Decrease)	At 31 December 2019
	Audited - (as previously stated)		Restated	Audited - (as previously stated)		Restated
	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000
<b>Balance Sheet</b>						
Current taxation	22,347	29,902	52,249	23,826	53,388	77,214
<b>Total assets</b>	<b>22,347</b>	<b>29,902</b>	<b>52,249</b>	<b>23,826</b>	<b>53,388</b>	<b>77,214</b>
Amounts due to parent company	123,399	799,530	922,929	140,952	476,245	617,197
Trade and other payables	50,907	474	51,381	50,288	1,222	51,510
<b>Total liabilities</b>	<b>174,306</b>	<b>800,004</b>	<b>974,310</b>	<b>191,240</b>	<b>477,467</b>	<b>668,707</b>
Retained earnings	1,162,815	25,155	1,187,970	1,430,489	41,179	1,471,668
Non-controlling interests	1,010,343	(795,258)	215,085	680,343	(465,258)	215,085
<b>Total shareholders' equity</b>	<b>2,173,158</b>	<b>(770,103)</b>	<b>1,403,055</b>	<b>2,110,832</b>	<b>(424,079)</b>	<b>1,686,753</b>

Statement of profit or loss and other comprehensive income - extract	At 31 December 2019		At 31 December 2019
	Audited - (as previously stated)	Increase / (Decrease)	Restated
	N\$ '000	N\$ '000	N\$ '000
Interest expense	(36,618)	73,394	(110,011)
<b>Profit before taxation</b>	<b>597,603</b>	<b>73,394</b>	<b>524,210</b>
Taxation	(146,497)	(23,486)	(123,011)
<b>Profit for the year</b>	<b>451,106</b>	<b>49,908</b>	<b>401,198</b>

**LETSHEGO HOLDINGS (NAMIBIA) LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2020**

**24. Prior Year Restatement (continue)**

	At 31 December 2018 Audited - (as previously stated)	Increase / (Decrease)	At 31 December 2018 Restated	At 31 December 2019 Audited - (as previously stated)	Increase / (Decrease)	At 31 December 2019 Restated
	N\$	N\$	N\$	N\$	N\$	N\$
Basic earnings per share (cents)	94	(13)	81	90	(10)	80
Fully diluted earnings per share (cents)	94	(13)	81	90	(10)	80

**25. Significant changes in the current reporting period**

Although the local economic conditions and coronavirus (COVID-19) have affected market confidence and consumer spending patterns, the group remains well placed to grow revenues through ongoing innovation and pursuit of its inclusive finance strategy. The Group continues to monitor the effects of COVID-19 and implement measures to mitigate risks. Apart from the restatement noted in Note 24, there were no new activities, events or transactions that are significant to an understanding of the changes in the financial position and performance of the entity since the last annual reporting date.

**26. Dividends**

A dividend of N\$112.5 million was paid by the group during the year under review to the ordinary shareholders of Letshego Holdings (Namibia) Limited.

**27. Basis of preparation**

The condensed consolidated financial report for the year ended 31 December 2020 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting.'

The accounting policies adopted are consistent with those of the previous financial year. The condensed consolidated financial report for the year ended 31 December 2020 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any announcements made by Letshego Holdings (Namibia) Ltd during the reporting period.

*New and amended standards adopted by the group*

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.